

# **Understanding Factors Influencing Employee Engagement: A Study of the Financial Sector in Malaysia**

**A thesis submitted in fulfilment of the requirements for the  
degree of Doctor of Philosophy**

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## **AUTHOR'S DECLARATION**

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; and, any editorial work, paid or unpaid, carried out by a third party is acknowledged.

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Raida Abu Bakar

March, 2013

*Dedicated in loving memory of my mother, Hazilah Hassan, my idol and inspiration,  
and the best friend I have ever had*

*and*

*To my father, Abu Bakar Hashim, whose love, support, and understanding have  
made me who I am today.*

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## **LIST OF ACRONYMS**

AIF	:	Asian Institute of Finance
FSTEP	:	Financial Sector Talent Enrichment Programme
ICLIF	:	Centre for Leadership in Finance
INCEIF	:	International Centre for Education in Islamic Finance
HR	:	Human Resource
HRD	:	Human Resource Development
HRDF	:	Human Resource Development Fund
HRM	:	Human Resource Management
HPWP	:	High Performance Work Practice
MII	:	Malaysian Insurance Institute
KPI	:	Key Performance Indicator
PSMB	:	Perbadanan Sumber Manusia Berhad
RBV	:	Resource-based View

## **PUBLICATIONS AND CONFERENCES**

### ***Refereed Chapter in a Book***

Abu Bakar, R., Cooke, F. L. and Muenjohn, N. 2012. Conceptual link between personality and job engagement: the moderating influence of empowering leadership. In N. Muenjohn (ed.), *Organisational leadership: concepts, cases and research*, Cengage Learning Australia, Melbourne, pp. 51-92

### ***Refereed Conference Papers***

Abu Bakar, R., Cooke, F. L. and Muenjohn, N. 2012. 'Passionate about work: an empirical study on individual, social and organizational factors and its effect on employee engagement', Proceeding in the 2012 European International Business & Economics Conference, Rome, Italy, 10-17 June 2012.

Abu Bakar, R., Muenjohn, N. and Cooke, F. L. 2012. 'Employee engagement: is my personality important?' Proceeding in the 2012 MAG Scholar Global Business, Marketing and Tourism Conference, Győr, Hungary, 29 May–2 June 2012.

## **ABSTRACT**

This thesis examines the factors that influence and shape employee engagement in the context of the financial sector in Malaysia. It does this by studying multilevel factors at three levels, the individual, organisational and societal levels. Specifically, the thesis focuses on three increasingly prominent concepts: empowering leaders' behaviour, high-performance work practices (HPWP) and the possible role of religiosity. Drawing on institutional theory, an important argument in this thesis is the limitation of the mainstream single-level conceptualisations of employee engagement, which fail to capture the relational interplay of the contextual factors and the multilevel nature of engagement. Earlier research in HRM, particularly on employee engagement, has been conducted primarily from a micro-perspective that has focused on a specific function with little acknowledgement of contextual setting. This study uses a framework that bridges the macro- and micro-institutional levels of analysis in understanding employee engagement.

To achieve this objective, this study adopted a mixed-method approach. The first method, a qualitative study of 41 interviews with employees in the financial sector, was designed to explore the most salient factors in the employees' levels of engagement. The second method, a quantitative survey of 278 employees, was designed to investigate the associations between the studied variables. Findings from both analyses suggest that empowering leadership behaviour has the largest effect on employee engagement. In particular, employees experience a significant level of engagement when their leader shows concern. At the organisational level, HPWP do seem to be practised in the organisations and to have an effect on engagement. However, problems that occur within the organisations cause the ineffectiveness of HPWP implementation. Interestingly, religiosity was found to play a crucial role in engaging employees at work among the Malay Muslims.

The key findings of this study suggest that both macro- and micro-institutions have pertinent roles in stimulating employee engagement. Organisations and managers need to understand the changing role of leaders, the introduction of HPWP and the practice of religious belief in the workplace as sources which enhance engagement. The expectation is that, through a better understanding of the relationships between these factors and the potential effectiveness of HPWP adoption, the selection of leaders and the development of employees may be conducted more effectively.

# CHAPTER 1: INTRODUCTION

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## 1.1 Background of the Research

The growing level of uncertainty in the business environment requires organisations to continuously adapt to changes and accommodate different needs of the workforce. Organisations often compete and attempt to survive by lowering prices, cutting costs, redesigning business processes and downsizing the number of employees. Assuming that there is a limit to cutting costs and downsizing, new approaches to human resource management are inevitable for organisational survival and progress. Rather than focusing on reducing costs, the shift of the focus in human resource management (HRM) is to build employee engagement. As a result, numerous articles have been published that call for a more positive approach that focuses on the workforce, that is, engaging employees rather than focusing on problem-coping strategies (Luthans & Avolio 2009; Bakker & Schaufeli 2008; Luthans & Youssef 2007; Avey et al. 2008; Youssef & Luthans 2007; Seligman et al. 2005).

The notion of employee engagement has sparked widespread interest over the last decade (Hallberg & Schaufeli 2006; Demerouti et al. 2001a; Saks & Gruman 2011). While research findings vary slightly, most of these studies share a similar conclusion: that engaged employees seem to be an important source of organisational competitiveness (Teng et al. 2007; Salanova & Schaufeli 2008). Engaged employees are those who give full discretionary effort at work, and are highly vigorous and dedicated to their job, while disengaged employees are those who are motivationally disconnected from work, who do not have the energy to work hard and who are not enthusiastic at work (Bakker et al. 2008; Towers Perrin 2009). By most accounts, employee engagement affects productivity, profitability, employee retention and customer services (Zigarmi et al. 2009; Xanthopoulou et al. 2009). Even so, not much is offered in the current body of knowledge concerning how best to stimulate employee engagement (Bakker et al. 2007; Bakker & Schaufeli 2008).

A 30-year study of the United States workforce by Gallup organisation found that, on average, the ratio of actively engaged to disengaged employees in organisations was 1.83 to 1. This sounds like a small disparity, but it is one that is estimated to cost more than USD 300 billion in lost productivity per year (Buckingham & Coffman 1999). In stark contrast, in world-class organisations – the premier organisations in their industries – the engagement ratio approaches 8 to 1, and sustainable practices have been built to reduce the negative impact of actively disengaged employees while unleashing the organisation's potential for rapid growth. According to Bakker and Demerouti (2008), there are at least four reasons why engaged employees perform better than non-engaged 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.

Hence, extensive research shows the positive effect of employee engagement (i.e., HR outcome) on organisational performance (Bakker et al. 2008; Xanthopoulou et al. 2009; Britt et al. 2006; Medlin & Green 2009; Harter et al. 2002). A 12-month study across 50 multinational companies by Towers Perrin (2009) found that companies with high levels of employee engagement outperform those with less engaged employees in three key financial measures: operating income, net income growth and earnings per share. These are increases of 19.2%, 13.7% and 27.8% respectively. A meta-analysis based on 7,939 business units in 36 companies conducted by Harter, Schmidt and Hayes (2002) affirmed that having engaged employees results in business unit outcomes of enhanced customer satisfaction, productivity and profit. Due to the aforementioned research, this study does not examine the impact of employee engagement on performance, as numerous studies have proven that the impact is significantly positive. Instead, the focus of this study is on the factors that cause engagement in the Malaysian context.

One of the most significant proposals for achieving employee engagement is to engage in HRM programs, which generally refers to the activities of organising work and managing people to achieve organisational goals (Zhang et al. 2012). A problem lies in the fact that HR professionals and managers are constantly being confronted with the



pressing challenge as to how they can engage the workforce. For instance, 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. With respect to the Asia Pacific region, people from the Baby Boomers generation (born 1946–1964) seemed to be highly engaged in comparison to Generation X (born 1965–1978) and the Millennials (born 1979–present). These findings are significant in at least two respects. First, the conditions of the engaged workforce in the Asia Pacific region remain somewhat bleak. Second, the fact that the new generations of employees seem not to be as highly engaged as the earlier generations poses serious threats to the development of the workforce, particularly in developing countries. Embarking on studying the factors which may influence engagement is therefore necessary.

The share of global economic output by emerging economies has now exceeded that of the advanced economies and is projected to account for about 60% of total world output by 2030 (Reisen 2010). Interestingly, Asia is expected to remain the world's fastest growing region over this decade and is expected to generate one third of the world output by 2015 (International Monetary Fund 2011). This rapid transformation will contribute to increasing Asia's financial and economic potential and will thus instantaneously intensify the pressure to compete globally. This pressure involves a focus on developing the workforce. Prior research demonstrates several important factors in developing the workforce (Bakker et al. 2007; Harter et Al. 2002; Konrad 2006); however, this study argues that these factors may be different in Asia from those in the West. To shed further light on this topic, this study focuses on the relevant factors that may or may not affect employee engagement in the Asian setting, with a particular focus on the finance industry in Malaysia.

Malaysia has a rich history of financial sector reforms (Yusof et al. 1994). The Asian financial crisis in 1997 caused the sector to undergo a series of financial restructures to improve financial systems. Domestic banks and finance companies were merged into a smaller number of groups which provided a platform for a more efficient and competitive financial industry (Ang & McKibbin 2007). The Financial Sector

Blueprint 2011 cemented Malaysia's leadership in Islamic finance to develop Malaysia as an international Islamic financial centre. With the restructuring of the financial institutions and the focus on the new Islamic financial system, a committed workforce is deemed necessary in assisting with the development of the country. However, research by a renowned consulting organisation, Tower Watson, on Malaysia's workforce (Tower Watson 2010) found that only 28% of the surveyed employees were engaged. The rest remained either disengaged, disenchanted or only in the state of enrolment (i.e., only physically present). The question remains: what causes employees to be engaged or disengaged in the Malaysian context?

The motivation for this research is to address these problems and fill the existing gaps in engagement literature. Indeed, as so little has been published on the contextual aspects of employee engagement, this study presents primary data and analysis of how the contextual setting is incorporated in the employee engagement framework. The subsequent sections of this chapter commence by outlining the objectives of the study.. Next, the rationale for the study is elaborated. This is followed by an explanation of the importance of this study in the financial sector and in the Malaysian context. Finally, the organisation of the thesis is presented.

## **1.2 Objectives of the Study**

The aim of this research is to integrate elements from the individual, organisational and societal levels to gain a more comprehensive understanding of the factors that may affect employee engagement. Three important dimensions are investigated: (a) the possible implications of empowering leadership practices, (b) the level of adoption of high-performance work practices and (c) the effects of the societal context on HR practices. The third outcome is investigated by examining the role of religiosity as a personal resource for employee engagement. This study addresses three broad research questions:

***Research Question 1:*** What form of empowering leadership plays a significant role in engaging employees at work and how does it occur?

**Research Question 2:** Do high-performance work practices exist in Malaysian organisations? If so, how do they impact on the level of employee engagement?

**Research Question 3:** What is the relative importance of religiosity in relation to the level of engagement at work in this Malaysian context? Does religiosity moderate the relationship between empowering leadership behaviour, high-performance work practices and engagement?

### **1.3 Rationale for the Study**

The rationale for this study is discussed from four important dimensions: theoretical significance, methodological treatment, practical implications, and its significance in the financial sector and the Malaysian context. Each of these dimensions is discussed in the following sub-sections.

#### **1.3.1 Theoretical significance**

##### ***The dearth of research on positive organisational behaviour***

The thrust of earlier research has been predominantly on negative outcomes (e.g., stress and burnout) and little attention has been paid to exploring and building positive organisational behaviour (Schaufeli & Bakker 2004). The prevalent negative bias of psychology is illustrated by the fact that publications that focus on negative states outnumber those that emphasise positive outcomes by a ratio of 14 to 1 (Myers 2000). Focusing on negative effects, such as job stress, burnout and staff turnover, signifies a problem-solving coping strategy. The emphasis on negative effects entails neglect of the potentially positive effects of work. In contrast to developing problem-solving coping strategies, identifying the positive effects of behaviour at work suggests a focus on efforts to improve performance at work. Stemming from the positive psychology movement as advocated by Seligman and Csikszentmihalyi (2000), employee engagement seeks to understand the conditions in which individuals flourish at work. Inspired by Bakker and Schaufeli's (2008) study, this research examines the impact of work practices and the causes of employee engagement. Thus, this study contributes to positive organisational behaviour by exploring the various mechanisms by which different levels of engagement emerge.

### ***Changes in leadership role that affect employee behaviour***

This study has the potential to make a valuable contribution by examining the possible implications of leadership practices for employee engagement at work. Organisations spend large amounts of money on leadership training. In 2003, the US Training Industry study found that 85% of US companies offer leadership training to their employees (Gavin 2003) while in 2007, USD 821 million was estimated to be allocated to leadership-related training in the United States (Anderson & Brennan 2008). These statistics highlight the apparent importance that organisations attach to the role of leadership. High-performing leadership is essential for organisations to create and sustain competitive advantages (Judge, Bono, Ilies & Gerhardt 2002). Relevant phenomena are the increasing use of autonomous work roles and the efforts to empower employees, which consequently modify the leadership roles in organisations (Arnold et al. 2000; Druskat & Wheeler 2003). To ensure survival in a dynamic environment, organisations require that leaders adapt to constantly evolving roles that elicit positive responses and performance from their subordinates. Consequently, as organisations seek to empower their employees, empowering leadership development might be necessary to help teams and individuals become more engaged at work and accomplish the organisation's goals. Advocates of empowerment (Bowen & Lawler 1992; Spreitzer et al. 1999) propose that both employer and employees benefit from empowerment. Empowering leadership is claimed to increase the intrinsic motivation of employees so that they experience high energy and meaningfulness in their work. While there is empirical evidence that supports the adoption of empowerment, Argyris (1998) and Jones (2012) have criticised the notion and argued that empowerment is an illusion. To exacerbate the chasm, research exploring the association between empowering leadership and employee engagement has been sparse to date and thus we do not know how profoundly employee behaviour is actually affected by empowering leaders. This study attempts to examine issues around these competing claims about employee engagement.

### ***The relevance of high-performance work practices***

This study contends that HR practices are likely to play a critical role in employee engagement. The results of previous engagement research specify job resources for the

inducement of employees' engagement (Bakker, Demerouti, De Boer & Schaufeli 2003; Schaufeli, Bakker & Van Rhenen 2009; Bakker et al. 2007). HR practices play an essential role in motivating employees by offering job resources. In line with the concepts of autonomy and flexible work systems, the introduction of high-performance work practices (HPWP henceforth) includes a focus on empowering employees and providing them with relevant information, knowledge and rewards – the resources that employees need to become engaged. Wright et al. (2001, p. 875) assert that 'a one standard deviation increase in the use of "progressive" or "high performance" work practices can result in up to a 20% increase in firm performance'. Nevertheless, apart from Konrad's (2006) sole attempt to link HPWP and employee engagement by providing cases in which high-involvement work practices can develop positive beliefs and attitudes associated with employee engagement, there has been no empirical research conducted to support these relationships. The most prominent model of employee engagement (Schaufeli & Bakker 2004) focuses on the availability of job resources and the effect of job demands on the level of engagement. This model fails to acknowledge other important dimensions of the HR system such as communication, sophisticated recruitment and selection, job security and grievance procedures, which are components of HPWP (Becker & Huselid 1998). This study aims to investigate other factors (i.e., various dimensions of HPWP) that could affect the level of engagement and, consequently, refine the existing employee engagement model.

### ***The distinctive role of societal context***

This study is important because little attention has been paid to the role of societal context in HR practices and its effect on employee engagement. A significant amount of research on employee engagement has been conducted only in Western countries and has assumed behavioural similarity in the generalisation of the findings (Bakker & Van Emmerik 2006; Maslach & Leiter 2008; Demerouti et al. 2001). The field of HRM has evolved in the Asia-Pacific region since the late 1990s. While there is an increasing body of studies on HRM in China and India as the two main economic powerhouses in Asia, there remains a paucity of investigation into the development of HRM in other developing Asian countries. In existing HPWP studies, the pertinent aspect of the societal context is often ignored, thus the behaviour of emerging markets is not known. In their review of the existing Asian management research, Bruton and

Lau (2008) found that, of the 30 nations regarded as Asian, only 14 had been examined in top journals. While admittedly some Asian nations such as Japan and China have become dominant players in the world economy and hence have received an increased amount of research attention, other Asian countries such as Malaysia, which have much to offer in the world economy, remain under-researched.

It is within this milieu that the author was encouraged to study the Malaysian setting. In an attempt to understand the Malaysian context, this study adopts the term ‘human resource management’ in the broadest sense. Budhwar and Debrah (2001) argue on the need to define HRM in a broad sense when exploring HR practices in developing countries, including the very question of whether or not it exists and the variations in the models. Malaysia as part of Asia is very much influenced by its multi-ethnic society and its religious and political contexts. Given that Islam is Malaysia’s main religion and given the assumption that religion, culture and politics all have roles in affecting human behaviour, further investigation into the role of Islam in HRM must be undertaken.

### ***The limitations of the mainstream single-level conceptualisations of employee engagement***

This study attempts to make a theoretical contribution by acknowledging the limitations of the mainstream single-level conceptualisations of employee engagement. The aim is to use a multilevel approach in identifying the important factors contributing to a person’s engagement at work. In the past, research in HRM has been conducted primarily from a micro perspective that has focused on a specific function with little coordination across disciplines (Wright & Boswell 2002). It must be noted that HR policies and practices do not exist in an organisation in isolation. By employing different perspectives, this study by no means argues that all relevant variables are identified. Rather, the study explores the perception of employees to allow the researcher to recognise some of the significant HR practices that can shed light on the processes through which HR practices result in employee engagement. In relation to the new form of work organisation, two increasingly prominent concepts – empowering leaders’ behaviour and high-performance work practices – may have effects on employee engagement. These concepts represent the micro-institutional environment in the form of individual and organisational level factors. At the macro

level, a societal factor, specifically religiosity, will be examined for its effect on engagement.

### **1.3.2 Methodological significance**

In existing employee engagement research, almost all of the prominent research is conducted from a positivist point of view. Such research discusses the theory behind engagement and establishes constructs to determine the possible causes of engagement (Rothbard 2001; Sonnentag 2003; May, Gilson & Harter 2004). The identified causes are often derived by developing several hypotheses. The findings are then confirmed on the variables that can best predict engagement. A contribution of this study is the qualitative stance it takes in understanding the phenomenon of employee engagement. Researchers are often encouraged to exploit the potentialities of social observation (Reiss 1971) in order to gain an inside view. In this study, interviews are used to get close to the subjects and see the world from their perspectives. The main purpose for conducting interviews is to gain insights into employees' experience at work and to understand the processes by which different levels of engagement emerge. Employees' interpretations of their experience at work provide richer data than a quantitative method. This qualitative approach, which is relevant for this research, is one of the earliest in researching into the employee engagement experience.

### **1.3.3 Practical implications**

The study has two practical implications. First, there is a need to examine the utility of Western employee engagement concepts in a developing country environment in an area such as Asia. In order for a developing country to progress, research should explore the adoption of Western practices in the economic, business and human resource environments of the developing country to determine whether they are in reality 'functioning'. Implications from this study may very well benefit a developing country's government, policy-makers, and HR departments in particular, as to how they could engage the workforce. The second practical relevance of this study is that because research in HRM and its effect on employee engagement is limited, the knowledge of significant HR variables that may arise from this study could help managers to understand why employees are engaged or disengaged at work. Disengagement at work is likely to be detrimental to employees' performance. By

looking at the different levels of HR input, the study aims to elicit explanations that might assist managers to determine appropriate management techniques for their organisations, and to understand how these techniques enhance engagement and, thus, employees' job performance. A critical role of any organisation is to provide an environment that boosts the potential of individual employees. Without understanding this, it is impossible for managers to formulate effective organisational strategies.

#### **1.3.4 The importance of studying the financial sector in Malaysia**

Deregulation and liberalisation, as well as technological advancement, have been the driving forces behind dramatic changes in the workforce in the financial sector (Dirks & Ferrin 2002). Over the recent decades, the employment structure in the financial sector has increasingly reflected a pronounced upgrading of skills and profound changes in the position of employees (Hunter & Katz 2012). Several developments have led to changes in traditional job profiles in the financial sector, particularly in the banking industry. For example, many of the 'back office jobs' in the US banking industry have been reduced, while front-line customer contact and operators in call centres have been increased due to a focus on marketing (Branine & Pollard 2010). There has been a shift from a service focus to sales, requiring effective customer service and a skilled, sales-oriented workforce. Similarly, in Germany and China, skills requirements have changed over the past decades (Metcalf 2007). In accordance with changing skill requirements, the occupational profile of banking apprenticeship was modernised in the late 1990s by strengthening aspects such as banking processes, marketing and selling competencies. For the most part, merger activity between organisations has reinforced this trend.

With respect to compensation practices, the prevalent trend in US retail banks is the growing use of performance-related pay (Branine & Pollard 2010). Employees' opportunities for career development and promotion are increasingly being determined by their sales performance and less by any additional qualifications. Thus, there has been a shift of emphasis away from technical and product-related skills towards the key skills that are required for the successful sale of standardised products (Haipeter, Jurgens & Wagner 2012). Personal and social competencies are becoming increasingly



crucial in the selection and recruitment of employees in the financial sector. Training departments also place greater emphasis on sales skills.

Nevertheless, a review of publications demonstrates that most of the research in HRM in regard to the financial industry has focused on advanced industrialised nations in the West (Haipeter et al. 2012; Hunter & Katz 2012). This means that many questions remain unanswered, particularly in the context of Malaysia. The financial industry plays a vital role in providing funding for the production of goods and services in the Malaysian economy. An examination of the financial industry is useful for discovering new trends of HR practices in the Malaysian economy. Malaysia's government policy is one of the most important factors contributing to the growth of Malaysia's financial industry. The Central Bank of Malaysia, the body that governs the financial sector, is considered the foundation of the financial system and thus speeds up the opening of the financial sector internationally.

One of the major shifts in HRM research in the last two decades is the growing interest in high-performance HR systems where people are increasingly recognised as a source of business competitiveness (Martin & Moldoveanu 2003). Similarly, in the financial sector of Malaysia, the strategic challenges that Malaysian leaders face are how to maintain organisational growth and renewal, and pursue excellence; and how to better prepare for the next millennium within the context of a multiracial and multi-religious society (Yeoh 1998). Recent studies, however, suggest that the three ethnic groups in Malaysia – Malays, Chinese and Indians – do not differ significantly in work-related values (Abdullah & Lim 2001; Fontaine & Richardson 2003, 2005). Thus, what needs to be more clearly established is how certain HR inputs affect the organisations in the Malaysian financial sector and the extent to which high-involvement organisations are adapted in Malaysia. There are four reasons why this study is being carried out in the Malaysian context: (1) to examine the utility of the studied Western concept in Malaysia; (2) to explore the economic, business and human capital environment for adopting Western practices; (3) to understand the implications for organisations in Malaysia; and (4) to make an intellectual contribution to the HRM studies in Malaysia which have been limited thus far.

First, the utility of the Western concept in Malaysia needs to be examined. Findings in the Malaysian context converge with the studies on HRM in the Asian context (Othman 2009; Boon et al. 2007), which suggests that adopting high-commitment HRM leads to improved organisational outcomes. Similar to a claim made by Cooke and Saini (2010a) in regard to findings in the Indian context and their applicability to the Asian context, the results of the Malaysian studies suggest two pertinent possibilities. First, there is a relatively high universality of HR concepts as guiding principles, although some practices may differ according to societal and organisational contexts (Kim & Bae 2005). Yeung, Warner and Rowley (2008) assert that HR systems in the Asian region are not all unique to Asia and many represent modifications of those in the West. This diffusion or so-called *isomorphism* occurs because organisations are under a strong pressure to imitate more progressive HR practices by organisations that operate in a similar set of environmental settings and institutional constraints (DiMaggio & Powell 1983). Secondly, there may be stronger HR attributions in Asia due to the Asian collectivist culture in comparison to countries with an individualistic culture. However, there are still other HR attributions that are not known in the Asian countries such as Malaysia due to the limited studies of these countries.

The second reason for the Malaysian context is that this study explores the economic, business and human capital environment for adopting Western practices. It seems that Asian nations are under great pressure to catch up because of being latecomers as global economic players (Cooke & Saini 2010a) and therefore may be ready to accept Western HR practices and adapt them. In the case of Malaysia, the Prime Minister of Malaysia formed the Putrajaya Committee in 2005 to encourage organisations to use high-commitment high-performance programs to enhance organisational performance in responding to market pressures. A key question is whether the same HR concepts that are applied in the Western countries are applicable in Malaysia; and the extent to which the concepts in the Malaysian context are similar to or different from those prescribed in the existing employee engagement model. The cultural perspective suggests that as each culture is relatively unique, it may require specific understanding in order to be effective. Unfortunately, not much is empirically known about the work engagement culture in Malaysia.

Third, despite the shock of the Asian financial crisis in the late 1990s and pressures towards deregulation along the neoliberal line, which entails treating labour as any other commodity, the practice of HRM in Malaysia continues to show certain distinctive features (Mellahi & Wood 2004a; Smith & Abdullah 2004). This study locates the practice of HRM in that context. Consequently, one of the major aims of this research is to explore the implications of employee engagement practice in the Malaysian setting. It is noted that although much research in engagement has been conducted in a variety of international settings including the US (May, Gilson & Harter 2004; Halbesleben & Wheeler 2008) and European countries (Schaufeli, Salanova, Gonzalez-Roma & Bakker 2002; Schaufeli & Bakker 2004; Langelaan, Bakker, Doornen & Schaufeli 2006), very little seems to have been conducted in Asia, particularly Malaysia. With the exception of studies by Sze and Angeline (2011) and Chung and Angeline (2010), other studies have actually only focused on the concepts of job involvement and organisational commitment (Boon, Arumugam, Safa & Abu Bakar 2007; Ahmad & Abu Bakar 2003), which have different conceptualisations from employee engagement.

Fourth, this study hopes to make an intellectual contribution to HR research in Malaysia. While there is little doubt that there has been a convergence of HR practices in Malaysia and Western countries, national particularities persist. Thus, it is anticipated that this research will produce theoretical and practical insights into employee engagement in the Malaysian context. The *etic* approach assumes that there are universal constructs that transcend individual cultures and can be identified and measured scientifically (Hofstede 1998, 2010). Conversely, the *emic* approach assumes that most cultures are unique. It will be crucial to examine the applicability of the concepts used in this study to identify the similarities and differences that may be due to differences in culture, thus extending knowledge in the area.

#### **1.4 Organisation of the Thesis**

This thesis consists of seven chapters including this Introduction. The remaining chapters are organised in the following manner.

Chapter 2 provides a critical review of relevant literature. An eclectic approach to theorising and conceptualising is adopted. This approach focuses on different theoretical debates in relations to employee engagement and HRM. It begins by exploring the sociological perspectives of the meaning of work and then considers the psychological perspectives of employee engagement. It then reviews the resource-based theory and the institutional theory. The multilevel perspective is emphasised and each of the factors which may influence engagement is duly presented.

Chapter 3 outlines the Malaysian context of the study. The chapter begins by reviewing the people of Malaysia through a historical lens. The aim of this chapter is to provide relevant background information and clarification in regard to the people of Malaysia and the political economic background and human resource management in the Malaysian setting. The financial sector, the high-performance approach and the role of the Central Bank are described. The chapter concludes with a review of the role of trade unions, labour trends and the role of religiosity.

Chapter 4 elaborates on the methodological approach used in the study. It begins with a consideration of the research paradigm, the mixed method paradigm, and the rationalisation for using the mixed method approach. This is followed by the research context, methods and data analysis techniques, and finally the ethical considerations.

Chapter 5 discusses the findings of Study 1, the qualitative study. The objective of this chapter is to provide insights into employees' experiences at work and to understand the processes by which different levels of engagement emerge. In particular, the study investigates the process by which leadership roles, HR practices and personal resources such as religiosity impact on an employee's level of engagement. The results highlight how micro-institutions can be affected by a macro-institutional context. Religiosity, in particular, plays a significant role in a person's engagement at work and there is a complex interplay between empowering leadership behaviour, religiosity and engagement.

Chapter 6 focuses on the findings from Study 2, the quantitative study. This chapter investigates the association between empowering leadership behaviour, high-

performance work practices and the individual's level of engagement. The survey also examines the possible role of the personal factor of religiosity in the relationship between empowering leadership behaviour and high-performance work practices on the one hand and employee engagement on the other hand. The findings corroborate those of Study 1 that religiosity plays a moderating role in these relationships.

Finally, Chapter 7 presents the conclusions, implications and limitations of the study. This concluding chapter presents an overview of the findings in relation to the three broad research questions that are the focus of the thesis. This is followed by a discussion of the theoretical, methodological and practical contributions of the research. The chapter concludes by considering the limitations of the research and important areas for future research.

## CHAPTER 2: PERSPECTIVES ON EMPLOYEE ENGAGEMENT

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### 2.1 Introduction

A number of disciplinary perspectives have informed this study of employee engagement. This chapter begins by providing a conceptual definition of 'employee engagement'. It then provides a critical review of the sociological perspectives of work in demonstrating the changes in how work has been experienced and valued in recent history, and the relationship of this to work engagement. The psychological perspectives are also discussed. Employee engagement has been widely viewed from the psychological perspective on the basis of the Job Demand-Resources model. The intention of this thesis is not to demote the role of psychological study in employee engagement research. Rather, this thesis takes a further step by investigating employee engagement from the strategic human resource management perspective. The study contends that both perspectives have roles in managing the 'insides' of employees rather than their external behaviour. By adopting a holistic perspective of human resource management, this study assumes not only the role of job resources but also assumes the motivational processes that may be triggered by cultural or context sensitivity. Accordingly, this study argues that it is the relationship between these institutional forces, cultural forces and management choices that shape HR policies and practices. Thus, the chapter moves on to the strategic HR perspective which draws upon the resource-based view and institutional theory, both of which are significant in explaining employee engagement. In doing so, the discussion explicates the limitation of a purely resource-based theory and highlights the value of also exploring an alternative theory, i.e., institutional theory, and its relation to employee engagement. Essentially, the role of institutional theory is to investigate the multilevel factors that may have significant impacts on engagement. The overall aim of this chapter is to propose a framework that bridges the macro- and micro-institutional levels of analysis in understanding employee engagement. In doing so, the particular nature of strategic HRM in the Malaysian context is highlighted. Together, these discussions constitute the individual, organisational and societal contexts within which employee engagement can be comprehended.

## **2.2 The Conceptual Definition of Employee Engagement**

Employee engagement is a relatively new concept in the academic community but has been heavily promoted by consulting companies (Wefald & Downey 2009b). Scholars and practitioners in the HRM field tend to agree that the fundamental concept of engagement may help explain behaviour at work, but they present different definitions of it. Thus, while the concept of employee engagement seems on the surface to be compelling, the concept lacks clarity in its definition. The purpose of this section is to discuss the conceptual disparities among different schools of thought on the definition of employee engagement in order to develop a conceptual foundation for this study. Using Kahn's (1990) seminal work as the point of departure, the concept of engagement was first introduced by him to explain how people are personally engaged and disengaged at work. He defined 'job engagement' as 'the harnessing of organisational members' selves to their work roles where people express themselves physically, cognitively, and emotionally during role performances' (Kahn 1990, p. 694). This definition clarified the concept of engagement as the manifestation of being 'present at work'. Being 'present at work' requires a particular mental state. In order to be engaged, an individual has to think, feel and act on their job. In other words, this mental state constitutes a driving force which requires physical, cognitive and emotional resources. These resources can be enhanced in certain psychological conditions: meaningfulness (feeling that one is receiving a return on the investment of the self in the work role performance), safety (a sense of being able to show and employ oneself without fear of negative consequences to one's self-image or status at work) and availability (a sense of possessing the physical, emotional and psychological resources needed for investing oneself in the work role). These psychological conditions serve as the mechanism by which individuals connect to their role performance. In contrast, disengagement refers to withdrawal from the work role. The dominant contribution by Kahn is the identification of the conditions in which engagement would be likely to exist.

However, Kahn's conceptualisation has a weakness. When he explored the psychological conditions, he did not take into account a theoretical conceptualisation of engagement. One of the reasons for this is the lack of literature on employee engagement at that time (1990s) and a dependency on other psychological constructs

such as job involvement and commitment at work. The issues relating to job involvement and commitment identified by Kahn help explain personal engagement and disengagement at work. However, personal engagement at work in this context focuses on the 'role' of the individual at work. Kahn expressed engagement as the role people bring to work, and he proposed that how they behave at work is attributable to certain conditions. This school of thought lacks the comprehensiveness required to address what employee engagement truly is. Despite Kahn's work, researchers did not explore the construct until research into burnout contributed to a reintroduction of the idea.

Maslach and Leiter (1997) reintroduced the concept of engagement as an energetic state of involvement that is posited to be the opposite of burnout. Engaged employees who are seen as energetic and take their work as a challenge appear as the opposite to burnt-out employees who are stressed and see their work as demanding (Bakker, Schaufeli, Leiter & Taris 2008). Maslach and Leiter (1997) added to their argument by asserting that, if an employee is not engaged, he or she will be more likely to move to the other end of the continuum and experience burnout. The state of engagement is characterised as having high energy (as opposed to exhaustion), high involvement (as opposed to cynicism) and efficacy (as opposed to lack of efficacy). Gonzalez-Roma, Schaufeli, Bakker and Lloret (2006) supported this view and further characterised it by activation, identification and absorption. Activation refers to having a sense of energy, identification is a positive relationship towards work, and absorption is being fully immersed in one's job. This school of thought improved on Kahn's (1990) definition of engagement as being 'present at work' by adding these three dimensions.

Nevertheless, this school of thought supported the notion that if an employee is not engaged, he or she will be likely to move to the other end of the continuum and experience burnout. The argument that engagement is the antithesis of burnout is this school's main weakness. Engagement is not the antithesis of burnout. When an employee is not engaged, it does not signify that he or she will be experiencing burnout. For example, an employee who does not have a good 'fit' with his or her job might find their job uninteresting and thus do their work routinely just to complete their tasks. However, he or she may not be suffering from exhaustion or burnout. The



issue of whether burnout and engagement lie at the extreme ends of a continuum contributes to the theoretical foundation of this study. Although a study by Gonzalez-Roma and colleagues (2006) yielded empirical evidence supporting the conceptualisation that the core burnout and engagement dimensions are conceptual opposites, the theory only supports two dimensions (i.e., vigour is the conceptual opposite of emotional exhaustion, and dedication is the conceptual opposite of cynicism). First, it must be emphasised that although burnout and engagement are conceptual opposites, they are still distinct concepts that do not lie on a continuum, and so different measures are required for assessing the construct. Secondly, by excluding 'absorption', these two dimensions do not provide a comprehensive meaning for 'job engagement'. Thus this approach is not the best approach for explaining employee engagement.

Other scholars such as Britt (1999) have used the concept of 'self-engagement', which involves feeling a sense of responsibility for and commitment to a performance domain so that performance 'matters' to the individual. Britt's approach is practical in defining engagement at work by using the Triangle Model of Responsibility (i.e., engagement is feeling responsible at work), but the definition is not a sufficient one because of the overlapping issue with the commitment construct. Britt, Castro and Adler (2005) later argued that self-engagement involves a psychological state where individuals are committed to perform and put much effort into work. This school of thought emphasised the utility of the Triangle Model of Responsibility developed by Schelenker, Britt, Pennington, Murphy and Doherty (1994). Thus, an employee is engaged according to the responsibility they feel for work, which is dependent upon three elements: event, prescriptions and identity images.

Similar to Kahn's view, this school of thought emphasised the elements in which engagement exists and gave little consideration to the theoretical foundation of engagement. This study argues that a commitment to perform should not be mistakenly equated to engagement as they are distinctly different constructs. Thus, there is an overlapping definition of engagement and commitment in Britt's notion of self-engagement. Commitment focuses on the long-term effect of behaviour at work while engagement focuses on the short-term effect (i.e., daily behaviour at work). Another

weakness is that solely referring engagement to feeling 'responsible' for work does not explain the whole perception of being engaged at work. A person could feel responsible for work but not enthusiastic or positive about doing the work. When a work-related experience is neither positive nor characterised by enthusiasm, it cannot be called engagement. Thus, the definition produced by this school of thought does not clarify the concept of engagement and is therefore not appropriate to be adopted by this study.

Engagement has also been defined as an individual's involvement, satisfaction and enthusiasm for work (Harter et al. 2002). This definition was derived from items in the Gallup Workplace Audit (GWA 1999), developed by the Gallup organisation, which were based on employee perceptions of work characteristics. Perceptions of work characteristics resulted in this definition having conceptual overlaps with job involvement and job satisfaction. First, job involvement is a concept that focuses on how a job helps define a person's identity (Lawler & Hall 1970). A person who is involved in their job: (a) finds their job motivating, (b) is committed to their work and organisation and (c) engages in professional relationships with co-workers (Brown 1996). Thus, as Hallberg and Schaufeli (2006) argued, job involvement is a function of the individual and should be seen as an antecedent in a research model, whereas engagement, on the other hand, should be seen as a dependent variable in a research model. Furthermore, this definition overlaps with the term 'job satisfaction'. Job satisfaction explains how content an individual is with his or her job; it is a pleasurable emotional state resulting from the appraisal of one's job (Locke 1976). Twelve of the thirteen items used in the GWA explain the variance in job satisfaction. Concepts derived from the literature on satisfaction were used in explaining engagement. Clearly, there are conceptual overlaps with both of these constructs describing engagement.

This school of thought captures only one domain of employee engagement, i.e., being enthusiastic about work. Being strongly engaged in one's work does require a considerable sense of significance and enthusiasm at work. However, due to the fact that the definition of engagement was not theoretically developed and relied too much on perceptions of work characteristics, the definition from this school of thought is

inadequate in explaining what engagement is. Perceptions of work characteristics, job involvement and satisfaction could be factors that affect employee engagement and not the concept itself. Clearly, there are conceptual overlaps in the constructs used by Harter, Schmidt and Hayes (2002) to describe engagement.

Recently, employee engagement was recategorised as vigour (Wefald & Downey 2009a). According to this school of thought, to realise that employee engagement is a different construct, the only non-confounding construct that should be measured is vigour. 'Vigour' as defined by Shirom (2003) refers to an individual's feeling that they possess physical strength, emotional energy and cognitive liveliness. This definition refers to an affective state that individuals attribute to their job and workplace. Vigour in this respect focuses on the notion of having 'energy' at work. It does not refer to behavioural responses to events at work such as dedication to work, which is a significant characteristic of employee engagement. Thus, adopting the concept of vigour (i.e., energy) does not capture a holistic concept of engagement. Clearly, this school of thought only covers one facet of engagement. For this reason, this school of thought's definition of engagement cannot be used to conceptualise employee engagement in this study.

Having presented all the arguments, this study contends that engagement does not lie along the same continuum tangentially opposite burnout but is, in fact, an independent concept. If an individual does not experience burnout (at one end of the continuum), it does not mean that he or she is experiencing engagement (at the other end of the continuum). Employee engagement is a state of mind which is a pervasive affective-cognitive state requiring a person's attention and immersion in their job. In order to give full attention to one's job and to be fully immersed, one needs to be positive and enthusiastic about it. As an independent concept, employee engagement can best be defined as a positive, fulfilling, work-related state of mind that is characterised by vigour, dedication and absorption (Schaufeli et al. 2002b). These three dimensions seem to provide the most precise, valid and comprehensive conceptualisation thus far (Kim et al. 2009; Schaufeli & Bakker 2004; Schaufeli, Martinez, Pinto, Salanova & Bakker 2002; Shimazu & Schaufeli 2009; Karatepe & Olugbade 2009). 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 nor as relatively non-malleable as fixed characteristics such as personality traits (Sweetman & Luthans 2010). It is deemed quite stable.

The first element of employee engagement, vigour, is a positive affective response to an employee's interactions with the elements of the job as well as the environment. The concept of vigour is drawn from the view that individuals share a basic motivation to obtain, retain and protect the things that they value, such as resources (in this case, energetic resources) (Hobfoll 1989). Energetic resources refer to physical strength, emotional energy and cognitive liveliness. According to Schaufeli et al. (2002), vigour is characterised by high levels of energy and mental resilience while working, the willingness to invest effort in the work and persistence even in the face of difficulties. Vigour relates to psychological capacities for exercising will power and developing alternative ways to achievement, optimism in expecting future success, and resilience to persist in the pursuit of goals. A person who is vigorous at work distinctly represents an engaged employee.

The second element of employee engagement is dedication. This refers to being strongly involved in one's work and experiencing a sense of significance, enthusiasm, inspiration, pride and challenge (Schaufeli et al. 2002). Being dedicated to one's job includes motivated acts such as working hard and giving the best that one can at work. Work not only seems to be important but also requires self-disciplined behaviour, as demonstrated by following rules, taking the initiative to solve a problem at work and exceeding one's personal job requirements (Van Scotter & Motowidlo 1996). A person who is dedicated to work is veritably engaged to his or her job.

The third element of employee engagement is absorption. This describes the feeling of contentment while performing work. Absorption represents a state of being fully concentrated on and happily engrossed in work, a state in which time passes quickly and one has difficulty in detaching oneself from work. This domain of employee engagement concerns the hedonic aspect of work. For a person to be engaged, he or she should enjoy the work and find pleasure in performing it. Thus, a happy and focused employee embodies an engaged employee. A study using 30 in-depth

interviews confirmed that absorption is a relevant aspect of engagement (Schaufeli & Bakker 2001). The study argued that this facet of engagement relates to individual efficacy through having the confidence to be absorbed and the resilience to be persistently absorbed in a task.

To sum up, different school of thoughts have conceptualised employee engagement in various ways. The lack of agreement among scholars in establishing a solid foundation for the definition of employee engagement has caused many gaps in the research area. Some have defined engagement as being present at work, some as the opposite to burnout on a continuum, and some have overlapped it with other constructs such as job satisfaction and job involvement. The arguments presented in the above sections justify why Schaufeli et al.'s (2002) conceptualisation of engagement is most thorough and precise. Employee engagement focuses upon the positive and fulfilling aspects of doing work. For a person to be engaged, he or she must be vigorous, dedicated and absorbed in their job. This positive reflection is in line with the movement of positive organisational behaviour in seeking to understand how individuals thrive at work. For this reason, Schaufeli et al.'s (2002) view on engagement is seen as more dominant and comprehensive than others. Given these key attributes and following Schaufeli et al.'s (2002a) conceptualisation, this study defines employee engagement as a positive, fulfilling, work-related state of mind that is characterised by vigour, dedication and absorption. This definition distinguishes it from other established measures of positive employment states such as job satisfaction and job involvement.

### **2.3 Sociological Perspectives of Work**

Work has always been the central feature of human experience. The word 'work' is rooted in the Indo-European word 'werg' meaning 'to do' (Budd 2011). In the past, work was conceptualised as a human burden. Work was deemed to be physically, mentally and emotionally draining because work was seen as an economic necessity where people worked to live. Robert Dubin (1958) defined work as 'continuous employment in the production of goods and services, for remuneration'. He argued that in a sociological sense, only those expenditures of human energy producing goods or services can be defined as work. Nevertheless, in the 21st century, such a claim appears outdated. There have been many cases where work is not remunerated and is

still considered to be work. The operation of non-profit organisations is one example where work is voluntary and remuneration is not given. This section serves to illuminate the sociological view of work in several important ways: the meaning of work in pre-industrial times, the changes in work values and the moral aspects of work.

In pre-industrial times, a large amount of an individual's work was done in and for the household. Many forms of work were carried out for family needs. Self-sufficiency was generally central in every family, such as involvement in agricultural activities. The fundamental transformation of the meaning of work in individuals' lives is usually believed to have occurred with the reorganisation of production that separated the workplace from the household during industrialisation (Berg 1987). Subsequently, neoclassical economics theory embraced the view that labour is a commodity, something of value that can be exchanged for other economic purposes. Budd (2011, p.2) defined work as 'purposeful human activity involving physical or mental exertion that is not undertaken solely for pleasure and that has economic or symbolic value'. Their paid employment is generally considered to be a central defining feature of individuals. Often, individuals are evaluated by other people based on their job position. In a materialistic world, we often segregate individuals in accordance with their status at work.

The principal conditions which constrain, support or enhance the material circumstances of life are an individual's perceptions of work values. Work values have been defined as the outcomes people desire and feel they should achieve through work (Frieze, Olson & Murrell 2006). Employees' perceptual experiences are shaped by work values in the workplace and have a direct effect on employees' attitudes and behaviour (Dose 2011). One apparent distinction in work values is the notion of intrinsic and extrinsic work values (Ryan & Deci 2000). Extrinsic work values focus on the outcomes of work, that is, the tangible rewards external to the individual such as salary, status, incentives and promotion. On the other hand, intrinsic work values focus on the process of work, that is, the intangible rewards that reflect inherent interest in the work such as the opportunity to learn new things, the chance to be creative,

autonomy in decision making, the prospect of helping others and time flexibility, among other factors.

In Western capitalist economies, two things prevail: people work primarily for economic reasons and extrinsic values predominate. First, people work to earn money to acquire consumer power (Noon & Blyton 2002). People who work have much higher levels of consumer power and consequently more choice about their lifestyles. Second, given the importance of the link between work and spending power, earning money is of prime importance for why people work. The notion that extrinsic rewards such as material possessions and prestige are the primary factors that motivate humans to work can be traced to as early as 1911, in a work by Thorndike. Today, there is less emphasis on extrinsic rewards than on intrinsic rewards. This can be attributable to the different life experiences encountered by different generations (Twenge, Campbell, Hoffman & Lance 2010). Life experience affects the value each generation puts on extrinsic rewards. For example, generations which suffer economic hardship, such as during a long financial crisis, may place a greater emphasis on pay. In the 1940s, the period of the Baby Boomers, work was considered a high priority in career advancement where people lived to work (Lancaster & Stillman 2003). These earlier generations of workers gained a reputation as status-conscious young urban professionals, or 'yuppies', because they were blatantly materialistic and focused on careers (Adler et Al. 1984).

To date, many anecdotal reports have consistently revealed that the reasons people work and, hence, become engaged, are far more complex than merely for money (Noon & Blyton 2002). A job that is interesting, offers challenge and enables an individual to make their own decisions is characterised as intrinsically motivating (Deci & Ryan 2000). Around the mid-19th century, employees began to give value to the meaning of work (Arnett 2004; Lancaster & Stillman 2003). It was reported that people work for expressive reasons, that is, for the intrinsic rewards work can bring such as enjoyment, satisfaction and a sense of achievement (Demerouti, Bakker & Fried 2012; Fagan 2002). The rise in the importance of individualistic traits suggests that employees seek jobs that interest them and provide personal meaning. Further, the study found that irrespective of gender or employment status, people indicate similar

expressive reasons. This reflects a 'post-materialist' orientation to work, emphasising the quality of life. It would seem that materialist values in advanced capitalist societies might be waning. Accordingly, instead of focusing on management practices that just improve knowledge and skills, organisations have started to structure their efforts around selection and training, among others, to focus on employees' career potential and growth.

Another prevalent aspect of work that is worth considering from the sociological angle is the roles of ethics and religion. Implicit in this point of view is the notion that work is 'good'. Being at work is morally desirable irrespective of any financial or social benefit. Work is deemed to be virtuous, dignified and a worthy activity for people to engage in (Noon & Blyton 2002). In some areas of 17th century Europe, work was seen as a religious calling based on the roots of Protestantism, which led to the later studies on the Protestant work ethic (PWE). Scholars of the work ethic have claimed that the notion of work as an ethical concept centred on four main themes. First, work was seen as an obligation or duty where an individual does their utmost to seek paid employment instead of remaining idle. There was a desire not to be perceived as 'lazy' even if pay was not high. Those who did not work were condemned for not living up to this standard (Dunn & Saunders 2010; Turner et al. 1985). Being at work conferred economic power as well as providing a form of contribution to society. Secondly, work was deemed to be a central life activity. In a study by the Meaning of Working International Research Team (MOW International Research Team 1987), work was found to be the second most important aspect of an individual's life after family. Third, work was a conscientious endeavour with a strong emphasis on doing a job diligently. Individuals were encouraged to put in their best effort in order to produce the greatest outcome. This also required each individual to manage their own emotions at work, a notion that is much debated today (Fredrickson 2001). Fourth, work was seen as a disciplined compliance which emphasised the common goals of employees and managers. Employees needed to conform to the values and goals of the organisation disseminated by leaders through organisational policies and culture. It is important to note that this belief in the importance of the work ethic seems to have declined with the rise of the materialistic society when pay and status became more important. Consequently, most human resource studies have not looked much into this aspect of



work. Most studies have been conducted in the Western world where other aspects of work seem to be more important, such as pay-for-performance systems and career advancement.

With the increasing complexity of an industrialised society, work may simply be a means to earn a living. Yet, this image should not be overgeneralised because it means work is merely instrumental. Many studies have shown that even individuals who have been compensated generously or have enough money to live on would still choose to work. Work gives an individual a purpose in life. As work is central to the human condition, this study, acknowledging its importance, investigates the concept of the employee at work. In particular, the study looks into the factors that affect employees' attitudes and behaviour at work, i.e., employee engagement. The premise assumes that people are motivated to work by the activities, outcomes and factors that they value. It seems that work engagement has far-reaching implications for employees' performance. The above discussions also postulate that an individual is driven by different factors of engagement. It is therefore critical to be aware of the different motivational factors and the different perspectives within the current engagement literature. In particular, employee engagement studies have been predominantly psychological in nature. Thus this study next looks at the psychological perspectives in understanding employee engagement.

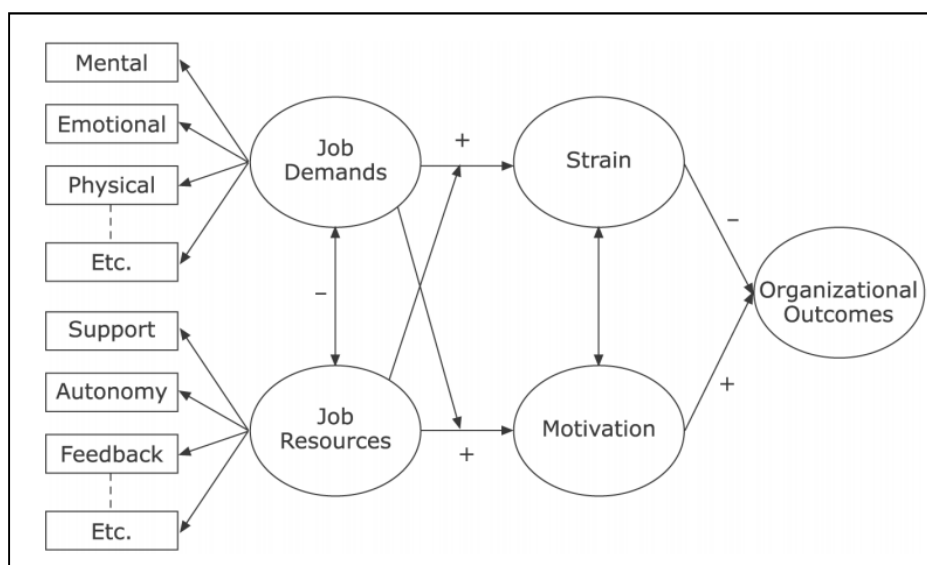
## **2.4 Psychological Perspectives**

The field of scholarship related to the concept of employee engagement has been dominated by the Job Demand-Resource (JD-R henceforth) model, relying on the issues of measurement and prediction of the three-dimensional framework proposed by Bakker and Schaufeli (2004). By virtue of analysing employee engagement, the conservation of resources theory of the JD-R model becomes a special case of the theory put forward in employee engagement studies. Conservation of resources theory was introduced by Hobfoll (1989, 2002), based on the assumption that various resources are salient factors in gaining new resources and in enhancing well-being. The theory claimed that resources are things that people value and therefore strive to obtain, retain and protect. The theory assumes gain spirals between job resources and engagement, which implies that both could reciprocally strengthen each other. When

employees are provided with job resources, they could become more engaged over time, and engaged employees are inclined to be more energised to take advantage of existing job resources and consequently more motivated to create new resources. This energy and attention inherent in engagement allow employees to bring their full potential to the job.

The conservation of resources theory has served as a foundation for the JD-R model (Figure 2.1) established by Demerouti, Bakker, De Jonge, Janssen and Schaufeli (2001a), which emphasises the notion of work engagement. The model focuses on two sets of work conditions: job demands and job resources. Job demands represent characteristics of the job that potentially evoke strain. Job demands refer to the physical, social and organisational aspects of the job that require sustained physical and/or psychological (i.e., cognitive and emotional) effort on the part of the employee, and are therefore associated with certain physiological and/or psychological costs (Bakker et al. 2007). Job resources, on the contrary, refer to working conditions that provide resources for employees. Specifically, job resources are those physical, psychological, social and organisational aspects of the job that may reduce job demands and the associated costs, are functional in achieving goals and stimulate development (Demerouti et al. 2001b).

**Figure 2.1: JobDemand-Resource model**



Source: Bakker and Demerouti (2007, p. 313)

The bulk of past studies have consistently shown that job resources such as social support from colleagues and supervisors, skill variety, autonomy, performance feedback and learning opportunities are positively associated with employee engagement (Xanthopoulou et al. 2009; Schaufeli et al. 2009). Job resources are found to enable goal achievement and play intrinsic and extrinsic roles in a person's motivation. Intrinsically, job resources foster employees' growth, learning and development, and thus fulfil basic human needs such as the need for autonomy and competence (Van den Broeck et al. 2008). Extrinsically, job resources are influential in achieving work goals. In this case, work environments that offer many resources could increase dedication and effort at work (Meijman & Mulder 1998). In such an environment, it is likely that tasks will be completed effectively. Job resources can exist in different areas such as the organisation (e.g., pay, career development, training), social relations (e.g., supervisor and co-worker support), the organisation of work (e.g., participative decision making) and tasks (e.g., skill variety, autonomy). Although these variables do show the factors that may affect the engagement of individual employees, it is not, however, specified how engagement is affected and the extent to which it is affected. For instance, many engagement studies have found that supervisory support has an impact on employee engagement but the particular kind of support is not known.

Further, due to the nature of the psychological studies, with the exception of Kahn's (1990) work, the bulk of engagement studies has been construed positivistically. This means that the examination of employee engagement has been predominantly cross-sectional and quantitative in nature (Kim et al. 2012). Table 2.1 summarises some of the influential research on employee engagement. From the table, the determination of factors that may affect engagement was based on presumptions and theory, and then tested accordingly. Recent developments in work organisation have heightened the need for a grounded research exploration in psychological-related studies (Biggerstaff 2012). Instead of generalising from cross-sectional studies, the emphasis should be on human experience and social life by taking into account matters such as history, language and context. As mentioned earlier, the intention of this thesis is not to demote the role of psychological research in employee engagement. Rather, this study takes an additional step by exploring employee engagement from the strategic human resource

management perspective. This study assumes not only the role of job resources but also the motivational processes that can be triggered by cultural or context sensitivity. Accordingly, this study argues that it is the relationship between these institutional forces, cultural forces and management choice that shapes HR policies and practices.

**Table 2.1: Key studies on employee engagement**

Year	Author (Source)	Context	Measure (Participants)
1990	Kahn (Academy of Management Journal)	The study illustrates the nature of personal engagement & disengagement & the 3 psychological conditions (meaningfulness, safety, availability) found to influence those behaviours	Qualitative research on 2 different participants: 1. Summer camp (as participant and observer) –collect using in-depth interviews, self-reflection, document analysis, observation; 16 counsellors 2. Architecture firm (as outside researcher) – using in depth interviews; 16 employees
2001	Rothbard (Administrative Science Quarterly)	The study examines both the depleting and enriching processes that link engagement in one role to engagement in another	Survey sent to 1310 employees at a large public university 790 returned (60% response rate)
2002	Schaufeli, Salanova, Gonzalez-Roma & Bakker (Journal of Happiness Studies)	Measuring the internal consistencies of the 3 scales and the factorial validity using confirmatory factor analysis. Examining the relationship between burnout and engagement	Sample 1: 314 undergraduate from Spain Sample 2: 619 employee from public and private companies (12 organisations)
2002	Harter, Schmidt & Hayes (Journal of Applied Psychology)	A meta-analysis in examining the relationship at the business-unit level between employee satisfaction–engagement and the business-unit outcomes of customer satisfaction, productivity, profit, employee turnover and accidents	Based on 7,939 business units in 36 companies
2003	Sonnentag (Journal of Applied Psychology)	The study examines work-related outcomes of recovery during leisure time; it investigates the impact of recovery periods on subsequent work engagement & proactive behaviour at work	147 out of 425 survey (34.6% response rate) Employees from 6 public service organisations
2004	May, Gilson, Harter (Journal of Occupational and Organizational Psychology)	The study examines the role of 3 psychological conditions (meaningfulness, availability & safety) in employees’ work engagement	Employees & managers across all departments in administration division at an insurance firm in USA 213 out of 270 (79% response rate)

Year	Author (Source)	Context	Measure (Participants)
2007	Mauno, Kinnunen, Ruokolainen(Journal of Vocational Behavior)	This study focuses on : 3 types of job demands; time demands at work, work-to-family conflict & job insecurity 3 types of job resources; job control, organisation-based self-esteem & perceived management quality	Data gathered in 2003 (T1) and 2005 (T2) from a single public health care organisation (which includes 7 hospitals located in Finland, includes professional employees (doctors, nurse, researcher) and non-professionals (cleaning and catering staffs) 1600 questionnaires sent, at T1 735 returned (46% response rate). At T2, questionnaire sent to the 735 people who had returned at T1 and who were still employed (n=623), 409 returned the questionnaire (65.7% response rate).
2008	Macey & Schneider (Industrial and Organizational Psychology- Perspectives on Science and Practice)	A propositions on : Engagement as a psychological state (e.g., involvement, commitment, attachment, mood), performance construct (e.g., organisational citizenship behaviour), disposition (e.g., positive affect), or some combination of the above	-not applicable-
2008	Maslach & Leiter (Journal of Applied Psychology)	Identifying early predictors of burnout and engagement. 1.Burnout is a state of mental weariness; 3 dimensions which are exhaustion, cynicism, lack of professional efficacy. 2.Engagement as the opposite of burnout; 3 dimensions which are energy, involvement, efficacy all are opposite of burnout dimensions) 3.Organisational risk factors (6 domains of worklife): workload, control, reward, community, fairness & values.	Employees in business & administrative services division of a large North American university -Time 1: 992 out of 1140 (87% response rate) -Time 2: 812 out of 1128 (72% response rate) -466 employees have data that linked Time 1 and 2
2008	Van den Broeck, Vansteenkiste, Witte, Lens (Work & Stress)	This study examines whether satisfaction of basic psychological needs serves as a mediator in the relationships in the Job Demand-Resource (JD-R) model; that is to see if need satisfaction can explain the relationships between different types of job characteristics (job demand & resources) and employees' well-being.	745 out of 1450 employees of Dutch-speaking part of Belgium among 17 organisations (51% response rate)

Year	Author (Source)	Context	Measure (Participants)
2008	Salanova & Schaufeli (International Journal of Human Resource Management)	The aim of this study is to show that job resources (i.e., situational cues) have an indirect impact on proactivity through work engagement, which is considered to be an indicator of intrinsic work motivation	-2 samples: Spanish employees in ICT area (624 out of 800 = 78% response rate) and Dutch managers of a telecom company (338 out of 420 = 80% response rate)
2009	Xanthopoulou, Bakker, Demerouti, Schaufeli (Journal of Occupational and Org. Psychology)	The study investigate how daily fluctuations in job resources (autonomy, coaching, team climate) are related to employee's level of personal resources (self-efficacy, self-esteem, optimism), work engagement and financial returns	3 branches of Greek fast-food company Survey for 42 out of 45 employees (93% response rate)
2012	Chen & Kao (Journal of Air Transport Management)	This study investigates how work engagement and job tenure moderate the effect of burnout on job performance of flight attendants	305 usable Taiwanese flight attendant responses were collected using a self-administered questionnaire
2012	Cao, Xu, Liang & Chaudhry (Information Tech. Management)	This study investigates if team task and job involvement enhance the overall work efficiency through transfer of tacit knowledge between e-business virtual teams	Working professionals in China, all of whom were also MBA students at a certain university 260 questionnaires were distributed and 211 of them were acceptable for use (81.2% response rate)
2012	Li, Sanders & Frenkel (International Journal of Hospitality Management)	This paper provides insights into the relationship between leader-member exchange (LMX) and employee job performance. An integrative model that includes work engagement and human resource management (HRM) consistency, defined as the extent to which various HR practices are viewed as consistent with one other, explains this relationship	298 employees (survey data) and 54 supervisors in a large luxury hotel in southern China
2013	Alfes, Shantz, Truss & Soane (International Journal of Human Resource Management)	Drawing on social exchange theory, the study posits that the effect of perceived HRM practices on both outcome variables is mediated by levels of employee engagement, while the relationship between employee engagement and both outcome variables is moderated by perceived organisational support and leader-member exchange	297 employees in a service sector organisation in the UK (328 out of 540 employees questionnaires were completed: 61% response rate)

Source: Author's compilation

## **2.5 Strategic Human Resource Perspectives**

Strategic HRM emerged in the 1980s and drew explicit connections between business strategy and HR strategy. It sought to explain the effects of HRM on strategy implementation and strategy making (Colbert & Kurucz 2011). At the core of HRM research are issues related to HR practices, workforce behaviour such as employee engagement and subsequently organisational performance outcomes, with the basic assumption that HRM matters. This section begins by critically reviewing the role of HRM in relation to the significance of studying employee behaviour and subsequently their engagement level by explaining the HRM transition and the misalignment of intended versus actual HR practices. The review elaborates on three trends in strategic HRM studies and the significance function of multilevel perspectives. It then moves on to review significant HR-related theory in understanding employee engagement by looking at the resource-based view and institutional theory.

One of the major transitions in HRM is the move from the unitarist to a pluralist perspective, often represented as ‘what is good for the employee is good for the employer, and the other way around’ (Boxall & Purcell 2011). A growing number of authors (Boxall & Purcell 2011; Keenoy 2003; Paauwe 2004) reject this unitarist perspective and accentuate the differences of interests between employers and employees. In the unitarist perspective, there is also the danger of conflation between organisational and managerial goals (Coopey & Hartley 1991). A range of interest groups exists in an organisation and thus values and goals may differ as senior management are only part of the picture. Using a pluralist frame of reference to recognise that people in organisations have different goals and values is seen as a more plausible metaphor of reality at work (Morgan 1997).

Paauwe and Boselie (2006) claim that there is a misalignment between how employees perceive HR practices and the goals of the organisation. Thus, scholars in the HR field emphasise the importance of including workers’ perceptions in research. Van den Berg, Richardson and Eastman (1999) assert that organisations may have an abundance of written HR policies, and top management may even believe they are practised, but these policies and beliefs are meaningless until the individual perceives



them as significant to his or her organisational well-being. The worker's voice was somewhat neglected in some of the early research on HRM and its absence has been cited as a major issue in some of the more critical writing about HRM (Guest 2011). Thus, researchers such as Wright and Boswell (2002) insinuate that there is a need to 'open the black box' in exploring HR processes with a greater focus on the employee's role in HRM. This study contends that exploring employee engagement experiences will add a new breadth of knowledge in understanding the complexity of HRM practices.

HRM theories draw concepts and theories from companion disciplines such as organisational behaviour, strategic management and industrial relations. Boxall et al. (2007) use the notion of 'analytical HRM' to emphasise that the fundamental mission of the discipline of HRM is not to propagate claims about 'best practice' in 'excellent companies' but to identify what managers actually do in HRM and how they go about it, and to understand why they do it and consider who benefits from their actions. Far more important is the issue of whether they have any effect on employees' engagement behaviour at work.

In the past, research in HR was conducted primarily from a micro-perspective that focused on a specific function with little coordination across disciplines (Wright & McMahan 1992). For example, researchers in the area of the appraisal process became extremely specific in studying the techniques for effective appraisal. Strategic HRM encompasses an effort to demonstrate the association between HR practices and performance (Delery & Doty 1996; Huselid 1995), to understand the process through which this relationship takes place (Guest 1997, 2011; Becker & Huselid 2006). Strategic HRM has also recently included an interest in a multilevel approach to strategic HRM (Wright & Nishii 2007). Numerous theories of strategic HRM have been proposed (agency theory, resource-based view, cybernetic models and institutional theory, among others). From the proposed theories, three pertinent trends can be observed: (1) the demonstration of links between HR practices and organisational performance; (2) a consideration of the mechanism through which this relationship takes place; and (3) the adoption of a multilevel approach to understanding strategic HRM.

A key feature of HR research has been the multivariate analysis of large-scale quantitative research to test the relationship between HR policies and performance (Cooke 2001). Table 2.2 below contains a list of the most prominent and frequently cited works in the area. The table is provided to demonstrate that a thorough examination of past studies was conducted to conclude that the majority of the work has been cross-sectional studies, the results of which were based on the quantitative findings of the relationships between the HR dimensions and their linkages to the outcomes. The table shows that there is a need to examine the mechanism where the HR-performance relationship occurs. For example, early studies on HRM in the 1990s were highly focused on productivity as an outcome. Huselid (1995), MacDuffie (1995) and Huselid, Jackson and Schuler (1997) looked into HRM issues in respect of training, HR policies and recruitment, and their effects on organisational productivity. However, studies in the early 21st century have covered a broader range of HR elements such as union involvement, performance-based pay and self-managed teams, and their effects on performances. These studies accentuate that HRM leads to better performance. As there have been numerous demonstrations of the relationship between HR policies and practices leading to better performance (Huselid 1995; Delery & Doty 1996; Guest, Michie, Conway & Sheehan 2003), the area of this study is restricted to the last two trends: an examination of the mechanism where this relationship occurs by studying engagement, and an acknowledgement of the multilevel effect on engagement. Ferris, Hochwarter, Buckley, Harrell-Cook and Frink (1999) stated:

More specifically, if there is indeed an impact of HRM systems on firm performance, how do these effects occur? What are the mechanisms through which these effects manifest themselves?...These questions call for theory refinement and the development of more comprehensive models of the HRM-firm performance relationship that included intermediate linkages and boundary conditions...this type of research should be given a high priority by HRM scholars.

**Table 2.2: Prominent studies in HRM and performance**

Author (Source)	Year	Sample	HRM dimensions	Method	Outcome
Huselid (Academy of Management Journal)	1995	Heterogeneous firms in US (968 senior HRM professionals)	(1) Skill & structures (quality of work life, training, communications, grievance procedures) (2) Motivation (performance appraisals, promotion on merit)	Survey	Productivity
MacDuffie (Industrial & Labor Relations Review)	1995	62 automotive assembly plant managers	(1) Work systems index (work teams, problem-solving groups, employee suggestions, Job rotation, Decentralisation) (2) HRM Policies index (recruitment & training, contingent compensation, status differentiation, training new employees, training of experienced employees)	Survey	Productivity & Quality
Delery & Doty (Academy of Management Journal)	1996	US banks (216 Senior HR managers & 114 presidents)	(1) Internal promotion (2) Training (3) Appraisal (4) Profit-sharing (5) Security (6) Participation (7) Job specification (8) Strategies measures	Survey	Return on Assets & Return on Equity
Becker & Gerhart (Academy of Management Journal)	1996	Meta-analysis	27 HRM issues	Narrative	Performance
Delaney & Huselid (Academy of Management Journal)	1996	590 profit & non-profit heterogeneous US firms	(1) Staffing selectivity (2) Training (3) Incentive pay (4) Decentralisation (5) Internal promotion	Survey & telephone interview	Organisational & market performance
Huselid, Jackson, & Schuler (Academy of Management Journal)	1997	Heterogeneous firms in US (finance, manufacturing, etc.), (293 HR executives & line managers)	(1) Strategic HRM (teamwork, empowerment) (2) Technical HRM (training, recruitment)	Survey	Productivity

Author (Source)	Year	Sample	HRM dimensions	Method	Outcome
Ramsay, Scholarios, Harley (British Journal of Industrial Relations)	2000	Number of questionnaires sent out to management & employees not stated (return rate of over 80%)	(1) Downward communication (2) Upward communication (3) Performance-related pay (4) Profit-sharing schemes (5) Employee share ownership (6) Problem-solving groups (7) Consultative committees (8) Representation/union involvement (9) Employee consultation (10) Job control (11) Formal team (12) Team autonomy (13) Formal training (14) Investors in people accreditation (15) TQM (16) Internal labour market (17) Recruitment & selection (18) Induction (19) Performance appraisal (20) Job security (21) Harmonisation (22) Diversity management (23) Family-friendly management (24) Grievance procedures	Survey	Work performance & employee experiences (Labour productivity, financial performance, quality of product/service, absence rate, turnover rate, change in labour costs)
Bae & Lawler (The Academy of Management Journal)	2000	138 heads of HR from firms in Korea	(1) Extensive training (2) Empowerment (3) Highly selective staffing (4) Performance-based pay (5) Broad job design	Survey	Firm performance
Cappelli, Neumark (Industrial and Labor Relations Review)	2001	2,516 establishments in the manufacturing sector and 1,847 in the non-manufacturing sector (Plant managers & business site managers)	(1) Manager computer use, worker computer use (2) Benchmarking (3) Meetings (4) Job rotation (5) Self-managed teams (6) TQM (7) Cross training (8) Teamwork training (9) Pay skill (10) Profit sharing	Survey (Longitudinal study)	Labour costs & efficiency, productivity
Zachratos, Barling, Iverson (Journal of Applied Psychology)	2005	Study 1: 138 HR directors, and Study 2: 191 employees	High Performance Work System	Survey	Safety performance

Author (Source)	Year	Sample	HRM dimensions	Method	Outcome
Combs, Liu, Hall, Ketchen (Personnel Psychology)	2006	38 studies	(1) Incentive compensation (2) Training (3) Compensation level (4) Participation (5) Selectivity (6) Internal promotion (7) HR planning (8) Flexible work (9) Performance appraisal (10) Grievance procedures (11) Teams (12) Information sharing (13) Employment security	Meta-analysis	Performance
Macky & Boxall (International Journal of Human Resource Management)	2007	424 employees	(1) Performance-based pay (2) Teams (3) Participation (4) Reduced status differentials (5) Internal promotion (6) Formal appraisal systems (7) Developmental appraisal (8) Communication program (9) Use of employee surveys (10) Job security (11) Formal training (12) Formal grievance (13) Targeted selection (14) Merit-based promotion (15) Formal job analysis	Survey	Job satisfaction, Trust in management, & Commitment
Subramony (Human Resource Management)	2009	65studies	3 HRM bundles: (1) Empowerment (2) Motivation (3) Skill-enhancement	Meta-analysis	Business outcomes (retention, operating performance, financial performance)
Messersmith, Patel, Lepak (Journal of Applied Psychology)	2011	22 government authorities (119 managers& employees)	High Performance Work System	Survey: Manager & employees	Departmental performance (with mediation of job satisfaction, commitment& employee psychological empowerment)

Source: Author's compilation

\*Note: Recent studies were not included since the focus is on prominent and highly cited studies.

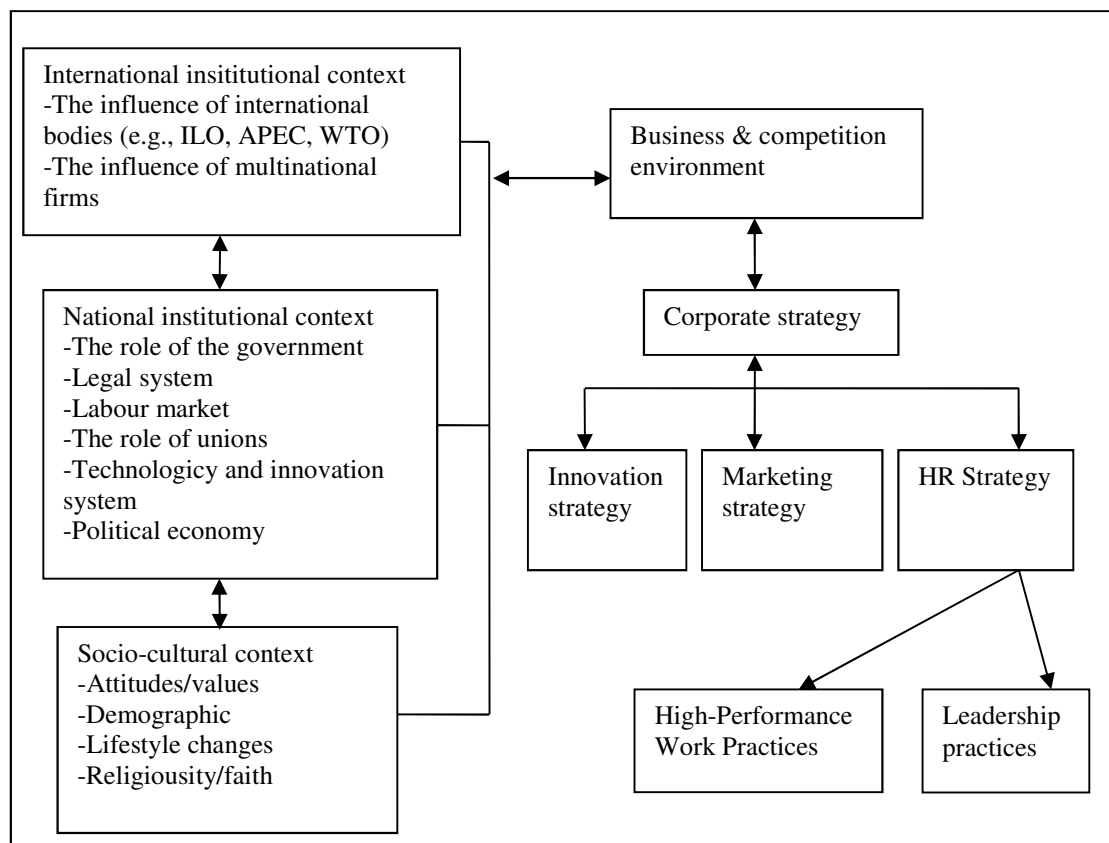
Responding to Ferris et al.'s (1999) argument, many studies have attempted to investigate the potential factors that may add substantially to the understanding of HR and performance linkages. Although numerous studies have revealed consistent relationships between these two variables, there does not seem to have been much contribution to our theoretical understanding of how these two measures relate (Wright & Nishii 2006). Becker and Huselid's proposed model indicates that a firm's strategy dictates the design of the HR system. The study shows that the HR system influences employee skills and motivation, which, in turn, affect productivity, creativity and discretionary behaviour. This behaviour ultimately affects organisational performance. It would seem that employee behaviour plays an important role in influencing a firm's performance. Most research models of strategic HRM have focused on this link but are mainly devoted to the concepts of job satisfaction and, generally, employee motivation (Petrescu & Simmons 2008; Kashefi 2009). In the hope of increasing our knowledge of how HR practices influence employee behaviour and ultimately performance, this study suggests that the engagement of employees plays a crucial role.

Finally, numerous studies examining the relationship between HRM and outcomes have taken a micro-approach, investigating a single HR practice such as training or appraisal and the effects of this practice on organisational outcomes. Nonetheless, it must be noted that HR policies and practices do not exist in an organisation in isolation. The contribution of this study is to take a macro-approach to look at these 'variables' as a 'bundle' of practices, particularly in the Malaysian context. In proposing this model, the study by no means argues that all relevant variables have been identified. Rather, the study proposes to explore employees' perceptions to allow the researcher to recognise some of the relevant HR practices that can shed light on the sub-processes through which HR practices result in employee engagement.

It is important to acknowledge the multilevel nature of HRM that may affect engagement. Many scholars argue that the business environment in which businesses operate is shaped by a broad range of institutional and cultural factors at the international, national and organisational levels (Cooke 2008a; Clark & Mallory 1996; Rowley & Benson 2002) (Figure 2.2). At the international level, an organisation may be influenced by politics, regulations and pressure from international bodies. At the

national level, the role of government and its legal systems, the labour market and the political economy are all pertinent institutional factors that could determine the business environment. At the societal level, individuals' attitudes, lifestyles and religious backgrounds may explain how HR policies and practices differ from one country to another.

**Figure 2.2: An analytical framework of business environment and organisational strategy**



Source : Adapted and expanded from Cooke (2008a, p. 6)

Having understood the nature of strategic HRM and the importance of multilevel perspectives, the section that follows presents the theoretical viewpoint for the research and looks at how these theories, i.e., RBV and institutional theory, help explain HR practices and their impact on employee engagement.

### 2.5.1 Resource-based view

Despite advances in recent decades in the discussion of ‘what’s inside the black box’ of an organisation, issues concerning the nature of an organisation remain at the forefront of debate in many HR and economics studies. Central to this debate is the resource-based view (RBV henceforth) theory which has developed into a dominant paradigm in strategic management studies. Its central proposition is that if a firm is to achieve a state of sustained competitive advantage, it must acquire and control valuable, rare, inimitable and non-substitutable resources and capabilities (Barney 1991, 2002). RBV assumes that the resources and attributes of a firm are more important to sustained competitive advantage than the industry structure and competitors’ actions. This is where RBV has been criticised for failing to take sufficient notice of the external forces that may influence organisational behaviour. However, one of the pertinent aspect of RBV is the ‘best fit’ strategy which takes the position of an ‘inside-out’ perspective. The ‘inside-out’ view focuses on issues that affect internal decisions such as recruitment, compensation plans and training, among others. These are certainly significant in influencing performance and employee behaviour (Boxall & Macky 2007; Boxall & Purcell 2003) and, in particular, engagement (Alfes et al. 2013).

Barney (2001) defined resources as ‘the tangible and intangible assets a firm uses to choose and implement its strategies’. These comprise human, financial, organisational and physical resources. RBV theory argues that resources such as technology, economies of scale and natural resources are increasingly available and easy to copy, while valuable human resources are rare, and difficult to imitate and replace. According to RBV, organisations derive competitive advantage from their human resources, i.e., employees. However, a competitive advantage does not actually comes directly from HR policies and practices *per se* but from the human resources that the organisation attracts and retains (Delery 1998). It is the ‘uniqueness’ and important roles of these human resources that motivate the researcher in exploring the importance of people at work. At least five issues have emerged from the application of RBV to HR: leaders and workers as the key resource; a focus on people, practices and processes; the importance of path dependency; tackling the neglect of institutional



forces; and lastly, the viability and industry leadership (Marchington & Wilkinson 2005).

In a study of nearly one thousand firms, Huselid (1995) examined two measures of HR practices, the first being employee skills and organisational structures and the second, employee motivation. The results of his study indicate that when these two measures are regressed individually towards productivity, both measures are found to be significant. However, when entered simultaneously, only the motivation measure remains significant. The findings exemplify the importance of employee motivation in a firm's performance. As such, to compete effectively, organisations must not only recruit top talent but must also inspire and engage employees to apply their full capabilities to their work. Employee engagement becomes critical for realising organisational vision and goals. Consequently, management behaviour and response make a difference as well (Leiter et al. 2010). Employees' responses to organisational practices, policies and structures affect their potential to experience engagement. Nevertheless, Bailey (1993) claimed that human resources are frequently underutilised. Employees frequently perform below their potential due to the adopted HR practices. Indeed, HR practices could influence employee motivation and skills through organisational arrangements that provide employees with the ability to control how their roles are performed.

According to the notion of RBV, employees need to be continually and fundamentally heterogeneous in their roles in order to gain competitive advantage. In order to compete, a firm first needs to identify the employees' strengths. Secondly, Wernerfelt (1984) argued that the future strengths of the firm are determined by today's capabilities. One question that needs to be asked, however, is whether an organisation has the 'right' system to drive these strengths and capabilities. That is, one of the critical arguments about RBV is its operational validity (Priem & Butler 2001; Connor 2002). It is silent as to how resources and capabilities are maintained and controlled as valuable, rare, inimitable and non-substitutable. This study contends that in order for an employee to sustain this uniqueness, i.e., being valuable, rare, inimitable and non-substitutable, a proactive approach needs to be taken. A proactive approach includes going the extra mile, developing new knowledge and responding quickly to unique

opportunities. In other words, employees' engagement is required through their actions at work. By being engaged, employees go beyond existing within the confines of the job scope to mould their job into something that vigorously adapts to the ever-changing environment at work. The reality is that employees are expected to adapt to new environments with greater demands and fewer resources. Bakker and Schaufeli (2008) argued that engagement can be accomplished through the different forms of capital possessed by the organisations and employees, one of which is the material assets of the organisation, that is, the knowledge, experience and expertise of employees. Unfortunately, many work situations fail to provide the resources, leadership or guidance that would permit employees to fulfil their aspirations. These gaps between potential and reality reduce an organisation's capacity to fulfil its vision and mission while discouraging employees' dedication to their roles (Leiter et al. 2010).

Locket, O'Shea and Wright (2008), in an interview with Wernerfelt, found that one of the problems facing scholars of RBV is to address the problems associated with the generalisability of the ideas. RBV resides where we know very little about resources because it is difficult to conceptualise and therefore operationalise. They further argued that many resources are known indirectly, such as group resources. What exactly is it that makes one group of people better at doing something? It is for this reason that the researcher delves further in studying employee engagement within the scope of the financial sector in trying to comprehend the factors that may play a role in sustaining this group of resources.

Evidence from these continuing debates has caused the reassessment of the RBV of the firm (Barney 2001; Priem & Butler 2001; Marchington & Wilkinson 2005). The debates indicate an important limit to the applicability of RBV. While RBV is useful in understanding existing differences between firms in the same industry, it tends to neglect forces for similarity between organisations in the same industry. It holds only as long as the 'rules of the game' in an industry remain relatively fixed (Barney 2002). In volatile environments where new markets and technologies emerge and the value of resources continuously changes, there is a need to go beyond RBV to clarify how HR practices may or may not affect employees and ultimately a firm's performance. Oliver

(1997), in her seminal paper, argued that the prospective for applying RBV is limited because it centres on internal resources and does not observe the social context within which resource selection decisions take place (e.g., firm traditions, regulatory pressures, network ties). Another limitation is that it fails to address the process of resource selection, that is, how firms actually make, and fail to make, rational resource choices in pursuit of economic returns. If an employee's attitude is important in determining the success of the firm, then perhaps it is crucial to look deeper into what kind of resources could affect an employee's behaviour.

In theory, the goal of designing and implementing HR practices is to do so in a way that leads to positive outcomes. The question of interest, then, is whether HR practices successfully do so as intended. The constituents that explain the variance in the success with which they do so need to be uncovered. To sum up, this section illuminates the limitations of a purely RBV perspective and proposes the value of exploring alternative theoretically grounded perspectives. This study offers an alternative theoretical base for exploring employee engagement – institutional theory – and highlights how this alternative theoretical lens can suggest new models for understanding the dynamic between HR practices and employee engagement. Institutional theory is discussed next.

### **2.5.2 Institutional perspectives**

This thesis makes a case for an institutional approach in understanding employee engagement. In doing so, the body of literature on institutional theory is reviewed. Essentially, the argument is centred on adapting the multilevel conceptualisation of engagement by examining the relational interplay of the variables and contextual elements. The aim is to develop a framework that bridges the macro- and micro-institutional levels of analysis in understanding employee engagement.

This study seeks to contribute to the conceptual development of employee engagement by introducing the institutional theory as a macro-framework for representing a model of employee engagement. While the RBV theory provides important avenues for exploring the strategic HR process in employee engagement, other theories in strategic HRM have relevance as well, in particular, the institutional model. The

implementation of HR practices and managerial practices is not easily addressed because of the obstacles that exist at both the institutional and individual levels. Due to the fact that individuals' realities are in part socially constructed, exploring HR practices as objective realities apart from the social context misses important determinants of employee behaviour. Further, while there is little doubt that there has been a convergence of HR practices, national particularities persist (Mellahi & Wood 2004b). Individuals' perceptions of HR and managerial practices should also be determined, in part, by how employees experience engagement within the social and societal context. This reflects the nested nature of social institutions.

This study was carried out by considering the four institutional emphases predicated by Scott (2007, 2001, 1987). First, institutionalisation is a process of instilling value. The major emphasis is that institutionalisation serves as a means for supplying intrinsic worth to a structure or process which promotes stability. This persistence of a structure over time is lacking from the resource-based view. Second, institutionalisation is a process of creating reality. The argument is that social order is based fundamentally on a collective social reality, which, in turn, is a human construction, being created in social interaction. Social order occurs as individuals take action, interpret that action and share their understandings with others. These understandings classify the behaviour into categories that enable the individuals to respond in a similar fashion. The process by which actions become repeated over time and are assigned similar meanings by self and others is defined as institutionalisation. Institutionalisation transpires when there is a reciprocal typification of habitualised actions by the actors involved (Berger & Luckmann 1967). Third, institutional systems are a class of elements. The prominent features of this class are cultural elements such as symbols, cognitive systems and normative beliefs. It is characterised by the elaboration of rules and requirements to which organisations must conform if they are to receive support and legitimacy. Organisations conform to beliefs because doing so will increase their legitimacy, resources and survival capabilities (DiMaggio & Powell 1983b; Meyer & Rowan 2006). In the modern world, the forms and sources of social beliefs have themselves become rationalised; traditions and customs have given way to laws and regulations, and traditional authority is replaced by the nation-state and professional bodies. Fourth, an institution is a distinct societal sphere. 'Social institutions' refer to

relatively enduring systems of social beliefs and socially organised practices associated with varying functional areas within societal systems such as religion, work, family and politics (Scott 1987).

Recently, the emergence of new institutionalism has accentuated the importance of 'actors' who build particular institutions (Meyer & Rowan 2006). For the most part, the actors are viewed as being motivated by self-interest, values and cultural beliefs which arise in the context of the institution. While the older forms of institutionalism were built around simple descriptive data, new institutionalism tries to address bigger issues such as power and conflict. This development has heightened attention to the issues of change, power and efficiency in institution building (DiMaggio & Powell 1991). These institutional matters concern the support of powerful alliances between members of organisations to produce the most efficient institutional arrangements. Consequently, what this means is that there are needs for political change and for a distribution of power with greater societal emphasis.

The new institutionalism also puts much emphasis on economic markets as institutionally embedded, and thus it is much affected by institutionalised forms of property, security and modes of enforcing contracts that are developed by states and legislated in civil society (Meyer & Rowan 2006). For example, an individual is not considered an autonomous author of their preferences; rather, the formation of their preferences takes place within the constraints of the 'preferences' imposed by the institutional environment. Further, the older form of institutional analysis sees institutions as formal legal structures that are developed over long periods. The new form of institutionalism, however, is seen as man-made rules which provide the basic building blocks of an institution. Consequently, individuals construct meaning within the institutionalised setting using language and other symbolic presentations.

Ultimately, in order to survive, 'organisations must conform to the rules and belief systems prevailing in the environment, because institutional isomorphism, both structural and procedural, will earn the organisation legitimacy' (Scott 2001, p.136). Economic choices are controlled not only by factors such as technology and information and by the constraint of income that neoclassical models highlight, but

also by the socially constructed boundaries that are distinctly human in origin, such as norms, habits and customs. This theory submits that human motivations extend beyond economic optimisation to social justification and social obligation (Zukin & DiMaggio 1990). It would seem that conformity to social expectations may contribute to organisational success and survival (DiMaggio & Powell 1983b; Scott 1987) and, perhaps, play a substantial role in engaging employees at work.

One thing that is certain is that institutions rely heavily on the role of social influence and pressures for social conformity in shaping organisations' actions (Dacin et al. 2002). Oliver (1997) argued that in order to sustain competitive advantage, organisations should pay attention not only to the attributes of the firm's resources but also to how the resources are developed, managed and diffused. Drawing on Oliver's (1997) argument, this study contends that resource selection and sustainable competitive advantage are strongly influenced at the individual and organisational levels by the institutional context. At the individual level, the institutional context includes leaders' norms and values; at the organisational level, the context includes the HR practices of the firm; at the societal level, the context includes the organisational culture, religion and politics, public and regulatory pressures, and industry-wide norms. Essentially, the main argument put forth in this study is the limitations of the mainstream single-level conceptualisations of employee engagement, which fail to capture the relational interplay of the contextual and multilevel conceptualisation of engagement (Table 2.3).

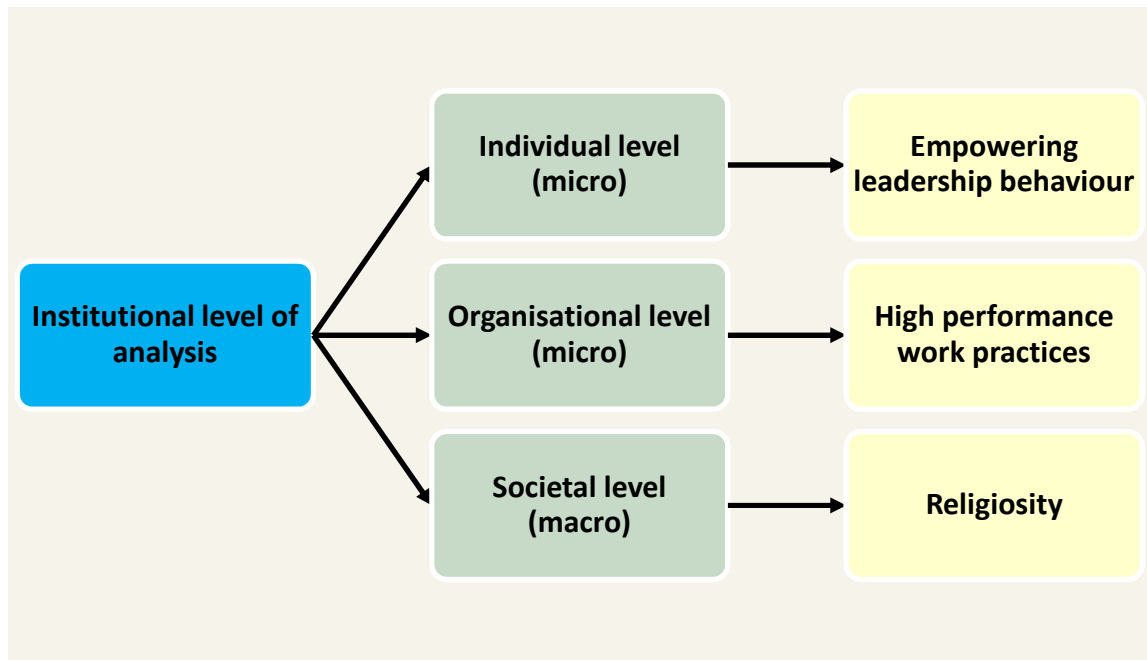
**Table 2.3: Reviews of theories and their relations to employee engagement**

	<b>Conservation of Resources Theory</b>	<b>Resource-Based Theory</b>	<b>Institutional Theory</b>
<b>Conceptualisation</b>	The assumption that various resources are salient factors in gaining new resources and in enhancing well-being.	If a firm is to achieve a state of sustained competitive advantage, it must acquire and control valuable, rare, inimitable and non-substitutable resources and capabilities.	Examines the role of social influence and pressures for social conformity in shaping organisations' actions. This theory suggests that the motives of human behaviour extend beyond economic optimisation to social justification and social obligation.
<b>Driving forces / Models</b>	Job demand-resource model	Employees as assets that are rare, difficult to imitate, valuable and difficult to trade, with capabilities that bestow a firm's competitive advantage	The role of individual, organisational, and societal factors
<b>Implications for engagement study</b>	Job resources increase engagement while job demand reduces engagement. But focus on internal factors within the organisation	RBV neglects forces for similarity between organisations in the same industry. It only holds as long as the 'rules of the game' in an industry remain relatively fixed. The theory has limitations in studying engagement	Relational interplay between macro and micro-institutions levels of analysis in understanding engagement

Source: Author's compilation

This study proposes a framework that bridges the macro- and micro-institutional levels of analysis in understanding employee engagement. The study does this by incorporating three multilevel factors in the institutional context (see Figure 2.3): (1) individual level – leaders' behaviour, norms and values; (2) organisational level – the adoption of new forms of HR systems known as high-performance work practices; and (3) societal level – the role of cultural context, in particular, religiosity. All of these will be elaborated next.

**Figure 2.3: Multilevel factors in the institutional context**



Source: Author's construct

### ***Individual level: the role of leaders as micro-institutional environment***

Although engagement with work is an individual experience, it does not occur in isolation. A thorough consideration of the sources, experiences and consequences of engagement goes beyond the individual to consider the social dynamics among individuals as well as the larger institutional dynamics reflecting an organisation's culture. The within-person view explains why one person feels engaged at work while other people do not. Mintzberg (1994) observed the differences between espoused strategy (what leaders say the strategy is) and the realised strategy (what the leaders are actually doing). There may be a disconnection between these factors due to a number of reasons, which may be political or institutional. Bringing these concepts into the strategic HRM literature recognises that while there may be a designed or intended HR system determined by leaders, the system is rarely faultlessly applied by those charged with its execution. It is therefore important to review the literature that encompasses the leadership roles in the organisation.

Managerial resources refer to the leadership roles that have the potential to exert a great influence on employees and ultimately on organisational performance. This social context reflects the 'social architecture' of an organisation (Barney 1991;



Mueller 1996). Leaders have the role of disseminating the appropriate values and information to their subordinates. Based on institutional perspectives, managers make rational choices that are bounded by their social judgement, historical limitations and the inertial force of habit. Leaders who encourage discretionary behaviour and reward good performance may have a positive impact on HR policies and practices. The study first looks at changes in the role of leader. It then elaborates on the concept of empowering leadership and how it may affect employee engagement.

The role of a leader has undergone some changes in recent years. Managers have been spending less time on controlling and directing work, and many of their traditional functions have been delegated to empowered, self-managed individuals (Den Hartog & De Hoogh 2009). As proposed by Bandura (2002), self-efficacy or competence (and thus empowerment) can be increased by providing emotional support, through words of encouragement and positive persuasion. Consistent with the new trend to the attendant expansion of employees' autonomy, empowering leaders' behaviour has assumed special importance (Pearce & Sims 2002; Manz & Sims 1987; Conger 1989). Given this interest, it is assumed that conditions have been established that promote employees' participation in the achievement of organisational goals, increase employees' acceptance and freedom, and assist in developing a cohesive environment (Bass 1999). The present study acknowledges this emerging trend of interest in changing leadership roles – an area that formerly received considerably less attention (Konczak et al. 2000), particularly in articulating its relationship to employee engagement.

The roots of empowering leadership begin with the concept of power sharing (Vroom & Yetton 1973) and the notion of delegation of work, as encompassed in situational leadership theory (Hersey et al. 1969). However, the notion of 'power sharing' is deemed to be deficient due to the fact that it includes no motivational effect of empowerment on subordinates (Conger & Kanungo 1988). Consequently, various scholars have extended the theory by focusing on intrinsic motivation (Thomas & Velthouse 1990), team membership (Kirkman & Rosen 1997) and the role of an external work-group leader in leading others to lead themselves (Manz & Sims 1987). The fundamental difference between the traditional leader's behaviour and the current

empowering counterpart is the shift in control from the leader to individuals. This is reflected in Arnold, Arad, Rhoades and Drasgow's (2000) study that identified five major characteristics of an empowering leader's behaviour: (1) showing concern, (2) leading by example, (3) coaching, (4) participative decision making and (5) informing. While intuitively obvious and possibly supported by anecdotal data, these characteristics lack verifiable supporting data to indicate their associations with engagement. The present study advances the interpretation of Arnold et al. (2000) of empowering a leader's behaviour by focusing on the leader's actions. The study hopes to identify the behaviour of an empowering leader that has a profound effect on employee engagement. Identifying this behaviour might assist managers to determine the most appropriate empowering roles and how these roles enhance employees' engagement and thus potentially employees' job performance.

Preliminary work on participation undertaken by Vroom and Mann (1960) found that participation in organisational decision making satisfies important psychological needs for responsibility and autonomy at work. Decades later, numerous studies have provided a similar conclusion: that such participative power satisfies employees' humanistic needs and gives them the fundamental right to extend a degree of control and to psychologically experience ownership of the organisation (Han et al. 2010; Vermeersch 2004; Marchington & Kynighou 2012; Timming 2012). People work harder and more responsibly as a result of increased autonomy. In addition, they work smarter, since they are encouraged to increase their skills and competence (Pfeffer & Veiga 1999). It would seem that, by having an opportunity to participate in decision making, employees become more dedicated to their jobs – a facet of employee engagement.

Carmeli, Sheaffer and Halevi (2009) found that participation in the decision making process among top management teams is positively associated with decision effectiveness. However, this yields positive outcomes only if leaders welcome such a participatory role. For an autonomous environment to work, a leader must motivate employees to participate in attaining organisational goals (Yang & Huang 2008; Laschinger et al. 2009). When managers share control, they demonstrate trust in and respect for their employees. Consequently, employees feel valued when involved in

decision making, because it affirms their worth in the organisation (Tyler & Lind 1992). Social exchange theory (Blau 1964) may serve as a useful theory in understanding this phenomenon. Sharing and delegation of control are seen as social rewards by employees (Whitener et al. 1998). These rewards represent an initiation of exchange of social benefits between a leader and an employee. As a result, employees feel important and exert more effort after participating in decision making. Sharing control, including participating in decision making and delegating control, seems to be a pertinent source of employee engagement. Thus, when leaders share and delegate control, they are likely to be promoting engagement.

Support from the boss is a particularly important factor when trying to change behaviour or instil new skills (McCauley & Martineau 1998). A supportive leader provides guidance to subordinates, treats them fairly and with respect, and values their inputs (Bass 1985b). By showing appreciation for their subordinates and demonstrating a general regard for employees' well-being, supportive leaders' actions may nurture employees' engagement (Bakker et al. 2005; Leiter & Maslach 1988; Bakker et al. 2007). Showing concern in this case also prompts the social aspect of the relationship and helps to engender a meaningful relationship. In turn, this could lead to a higher level of employee engagement. This study conjectures that, in exchange for their leader's support, employees may feel that there is a need to 'return the favour' to their leader by becoming more engaged in their jobs, which could contribute to higher organisational performance. Ultimately, it can be argued that supervisors in most organisations are in a strategic position to make or break employees' determination as well as their motivation to perform.

Hermalin (1998) presented a model of leadership in the presence of asymmetric information between leaders and followers where a leader can induce others to follow suit either by example or by sacrifice. A leader who sacrifices his or her time by putting in longer hours may convince followers that he or she considers the effort to be worthwhile. In this case, the need to convince the workers increases the leader's motivation. Thus, the leader tries to work harder in order to set an example. Empowered leaders are expected to demonstrate to their subordinates that they are actively taking part in realising the organisational goals, as well as ensuring that they

do 'walk the talk' (Roy 1998; Johnson et al. 2012). For example, a leader who preaches the value of creativity should demonstrate this value when setting organisational goals. According to Hogan and Kaiser (2005), the existence of 'bad' leaders perpetrates unhappiness in those subject to their domain. This 'unhappiness' represents a negative association with absorption, a hedonic facet of employee engagement. A leader who does not lead by setting a good example could lower the level of engagement of his or her employees (Rothbard 2001). Thus, leading by example is an important means to influence the behaviour of others (Guth et al. 2007). This study argues that, as employees see their leaders being active in exemplary roles, they may be inspired to become more vigorous, dedicated and absorbed at work.

Leadership is partly about transmitting information to followers (Bisel et al. 2012; Hermalin 1998). Information given by leaders helps employees to achieve assigned goals. It represents a form of job resource that facilitates the personal development and motivation of subordinates. Subordinates pay attention to the information given since it is in their interest to do so and they also believe that the leader has superior information. Thus, information dissemination by leaders is necessary for engaging employees; when lacking, it serves as a factor in increasing burnout (Leithwood & Jantzi 1999). Effective communication of the organisational vision as established by the leaders could provide clear directions to employees and ultimately lead to organisational growth (Baum & Locke 2004). Uncertainty is reduced when employees know 'where they are heading'. The present study is designed to find whether there is empirical support that 'informing leaders' engenders a higher level of vigour, dedication and absorption among employees. By leaders carrying out their 'informing' roles, subordinates become convinced that their work is worthwhile and feel that they are aligned to the organisation's goals, and ultimately they have a higher level of engagement.

According to Apps (1991), employees constantly need to learn something new. The worst thing that can happen is that leaders leave employees to make decisions and learn without information or support, and expect employees to internalise 'engagement' without encouragement. An important aspect of employee engagement is how accessible employees feel that their leaders are to guide them in their work.

Studies by Hakanen, Bakker and Schaufeli (2006) and Saks (2006) showed that supervisory guidance relates positively to work engagement. Coaching and mentoring are essential in preparing subordinates to assume more responsibility and ultimately take on some leadership responsibilities, particularly within an autonomous environment (Bass 1985a). Additionally, Agarwal, Angst and Magni (2009) found that managers' coaching intensity positively influences the performance of their subordinates. This study submits that coaching is a pertinent aspect of increasing an employee's level of engagement. Having presented the arguments above, it could be hypothesised that such connections may exist between empowering leadership behaviour and engagement. Therefore, the discussions presented above lead to the following hypothesis:

***Hypothesis 1:*** Empowering leadership behaviour will significantly predict the variance in employee engagement among employees in the financial sector in Malaysia.

***Organisational level: high-performance work practices as micro-institutional environment***

Another element of the institutional theory arguments is the role of organisational-level determinants. The study examines this emergent concept in HR practice, its role and its relevance in today's organisation. In the past two decades, there has been a shift in the understanding of human resource practices in organisations. A new model of organisational reform, High-Performance Work Practices (HPWP henceforth), has been popularised by Appelbaum and Batt (1994). It encompasses 'post-Taylorist' practices, which denotes a set of management practices that embrace employee involvement and responsibility. Research on the effect of HPWP on organisations and employees has shown that it has a mainly positive relationship to firm performance (Appelbaum 2002; Becker & Huselid 1998), while the effects on employee outcomes are mixed and still unclear (Kalmi & Kauhanen 2008; Ramsay et al. 2000). The distinctive nature of HPWP stands on three grounds: (1) work organisation, (2) skills and (3) motivation (Appelbaum 2002).

First, the systematic nature of HPWP distinguishes it from previous approaches to work organisation by an increased emphasis on participative decision making (Harley 2005). The common aspects of work organisation suggested by Ramsay et al. (2000)

are information sharing, management-employee meetings, employee surveys, formal teams and problem-solving groups. This new form of work organisation allows employees to voice their views, enabling employees to feel empowered. Konrad (2006) proposed that participation generates engagement by affecting beliefs, attitudes and behaviour. The author further claimed that high involvement in a job generates a positive attitude. When people participate in the new system, they become personally invested in making the system a success. Additionally, HPWP could produce behaviour that is indicative of highly engaged employees due to the fact that participation is encouraged. Employees seem to go beyond their job requirements in order to contribute to the organisation's success. Subsequently, as employees devote more effort, knowledge and time to this system, it would over time generate a culture of highly engaging employees, as claimed by Konrad (2006).

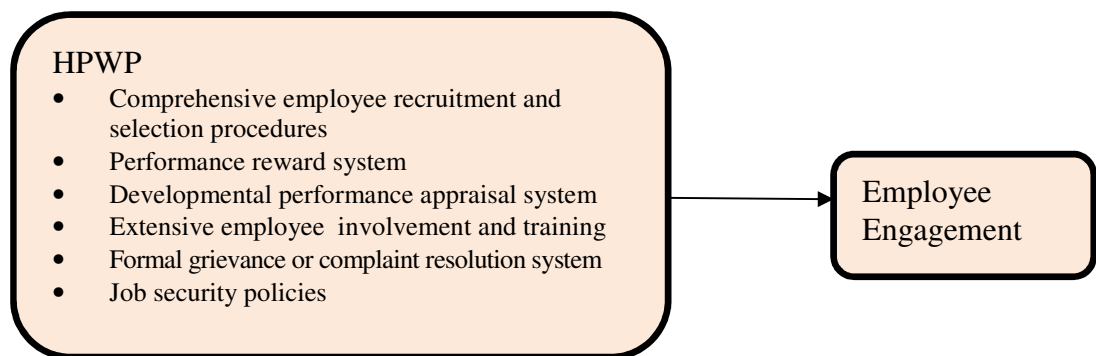
Second, increasing emphasis has been given to enhancing the skills of employees (Prahalad & Hamel 1990; Appelbaum 2002). In HPWP, workers are characterised as having a high level of skills to facilitate participative work organisation. These skills are achieved by comprehensive training, induction programs, and sophisticated recruitment and selection for employing appropriately skilled employees (Ramsay et al. 2000). When employees have the required skills, this affects how they are engaged at work. For instance, comprehensive training provides employees with the necessary skills to perform their jobs in a more effective manner, which probably causes them to become engaged.

Third, incentives are given as an aid to motivation to help prepare for the successful implementation of HPWP. In contrast to the 'old' reward systems that incorporated job-evaluated grade structures and seniority, the concept of reward systems in HPWP focuses on the notion of a 'fit' between rewards and an individual's effort, skills and contribution. Appelbaum (2002) argued that incentives should include intrinsic and extrinsic rewards, and give a long-term stake in the organisation. For example, high-discretion jobs could provide a form of intrinsic reward and performance-related pay could provide an extrinsic reward. These rewards are likely to induce engagement as employees see the presence of HPWP as beneficial to them.

Combining these three components, usually termed ‘a bundle of HR practices’, is necessary to create HPWP within an organisation. Empirical evidence that establishes an association between HPWP and performance abounds (Becker & Huselid 1998; Huselid 1995; Luther 2000; Zang 2008). Nevertheless, the effects on employee outcomes have turned out to be mixed, with some researchers finding positive effects and others finding adverse effects (Danford et al. 2004; Kalmi & Kauhanen 2008; Ramsay et al. 2000; White et al. 2003). The present study seeks to advance this discussion by acknowledging the association between ‘the bundle of HR practices’ and employees’ experiences. The assumption is that, if HPWP are properly configured, they may contribute significantly to employee engagement.

To date, there has been no uniform view about the specific set of practices to make up an HPWP bundle. The study has summarised the ‘bundles’ according to its reviews of prominent high-performance work studies (Becker & Huselid 1998; Boxall & Macky 2007; Huselid & Becker 1997) (Figure 2.4). Most of the high-use HPWPs include comprehensive recruitment, training, employee involvement programs, performance reward systems, developmental performance appraisal, formal grievance system and job security policies.

**Figure 2.4: The relationship between high-performance work practices (HPWP) and employee engagement**



As with the social exchange standpoint, it is proposed that employees will be motivated to engage in their jobs when the jobs are based on a fair and balanced system of exchange (Blau 1964). Due to HPWP, employees may find that their needs are being met by the opportunities and benefits these practices provide (Huselid 1995).

In return, satisfied employees feel an obligation to put in more effort at work and to be more enthusiastic and loyal to the organisation (Takeuchi et al. 2009). Enthusiasm and loyalty reflect the concept of engagement in that engagement requires employees to be dedicated to and enthusiastic about their job. Consequently, HPWP dimensions are expected to induce a higher level of engagement among employees since the ‘bundle of HR practices’ is regarded as being rewarding and fulfilling. Consequently, the following is hypothesised:

***Hypothesis 2:*** High-performance work practices will significantly predict the variance in employee engagement among employees in the financial sector in Malaysia.

On another note, although it has been argued that research in organisational level studies seeking ‘high-performance’ HR practices leads to improved employee and organisational performance (Francis & Keegan 2006), Thompson (2011) argued that the trouble with HR practice is that there are so many unproven or weak links between high commitment and performance outcomes that it is difficult to know where conceptual configurations will lead. This naïve optimism, as Thompson and Harley (2007) put it, also stems from a neglect of context. Approaches to constructing factors in HPWP in which researchers combine their perceptions of ‘best practice’ without regard to the specific context are therefore fundamentally contentious (Boxall & Macky 2007). It is this role of context that we will turn to next.

### ***Societal level: the role of culture and social setting as macro-institutional environment***

The third level of institutional context constitutes the societal level, which includes societal expectations (rules, norms and standards related to product quality and management systems, occupational safety and environmental management) that define socially acceptable organisational conduct and the social pressures common to organisations in the same sector (DiMaggio & Powell 1983b). This claim requires consideration of the international aspect of HRM. Thus, this section is further supported by points of view from international HRM, which comprises three major domains: country-specific HRM practices, multinational stakeholders’ perspectives, and cross-country comparative HRM. For the purpose of this study, only the first



domain is considered because the study essentially looks into Malaysia's specific HR practices and their effects on employee engagement.

Organisations operating in different countries experience varying institutional environments and face diverse pressures. Some of those pressures in local institutional environments appear to exert fundamental influences on competitive strategy (Martinsons 1993; Porter 1990) and HR practices (Rosenzweig & Singh 1991). Boxall and Purcell (2003) argued that some firms have an immediate advantage in international competition because they are located in societies that have much better educational and technical infrastructure than others. Thus, HRM is not just shaped by managers and the internal HR system but also by external forces.

One controversy involving HR practices is whether there exists a set of 'best practices' that are universally effective across firms' contexts and industries (Meyer 2006; Becker & Gerhart 1996; Lepak, Takeuchi, Erhardt & Colakoglu 2006). Boxall and Purcell (2000) argued that the major problem in linking HR practice and performance outcomes is in the examination of the link without considering the organisational, industrial and national contexts. To broaden and comprehend HRM, scholars need to develop less ethnocentric and more nuanced, context-responsive and hence more suitable models of HRM that reflect practices not just in countries but also in wider regions, such as Asia (Rowley & Benson 2002; Zhu et al. 2007; Cooke 2009). Much of what has been discussed thus far has come from the Western contexts. Zhu et al. (2009) confirmed the general trends of HR in terms of people management and illustrated the underpinning factors such as traditional values and culture, historical evolution, political and economic changes, and the characteristics of the society, industry and firms in each country that eventually determine the formation of management thinking as well as HR policies and practices.

As the field of HRM has developed, so have concerns about its relevance in the cross-national context (Meyer 2006; Tsui 2007; Budhwar & Debrah 2009). Classic HR practices using US theoretical models have been subjected to significant criticism in the European context due to the fact that the models were 'grafted on' to management thinking rather than 'taking root' (Sparrow & Wu 1998). As Hofstede (1993) put it,

there is a need for considerable historical and cultural insight into local conditions to understand the processes, philosophies and problems of national models of HRM. A critical review by Rowley (1998) on HRM across a variety of Asia Pacific economies concluded that ‘convergence, and modern variants’ – universalism – should be questioned.

Cultural and institutional theories are often labelled divergent theories, as opposed to a universalistic theory, which is convergent (Rowley & Jackson 2011). Cultural theory highlights culture as a factor that makes people’s behaviour and economic activity different in dissimilar cultures. Cultures are developed within countries as a product of national patterns and the formative influences of education, language, religion and geography (Derr & Laurent 1989). Adler and Gundersen (2008) defined culture as: (1) something shared by all or almost all members of a given social group, (2) something older members of a group pass on to younger members and (3) something (as in the case of morals, laws and customs) that shapes behaviour or structures one’s perception of the world. Cultural values are considered to be deep-seated and enduring, and culture is considered to be immutable. Thus, the economic activities of countries of different cultures should remain divergent. Institutional theory emphasises that a nation’s economic activities are influenced by its social institutions, key institutions being the state, the legal system, the financial system and the family. The theory acknowledges the pertinence of culture but allows for the possibility of cultural modification. As an example, Cooke (2004), in a study of a toy manufacturing corporation, found that the local institutional and cultural context was important in influencing HR practices. Both cultural and institutional theories are viewed as the opposite of the universalistic theory, which claims that economic activities around the world are convergent towards best practice (Whitley 1999).

Asia, in particular, is a complex region with many variations in terms of its societal factors, values, economies and management. Consequently, Asian HRM is underpinned by Asian values on the basis of spatial and cultural proximity (Benson & Rowley 2003). Cooke (2008b), in her study of 30 private enterprises in China, found that the HR configuration was largely of a paternalistic nature, with the enterprise culture typical of that of Chinese values. In another study of diversity management,

Cooke and Saini (2012) conducted qualitative interviews with Chinese and Indian managers and found contextual differences in political, economic, cultural and social aspects between China and India and between these two and the Western context. Although it is clear that context matters, there has been little discussion about HRM in Malaysia and how the contextual setting may play a dominant role in HR practice. The next section elaborates further on this contextual issue, with specific emphasis on cultural values and religious elements.

## **2.6 Cultural Values and Religious Elements**

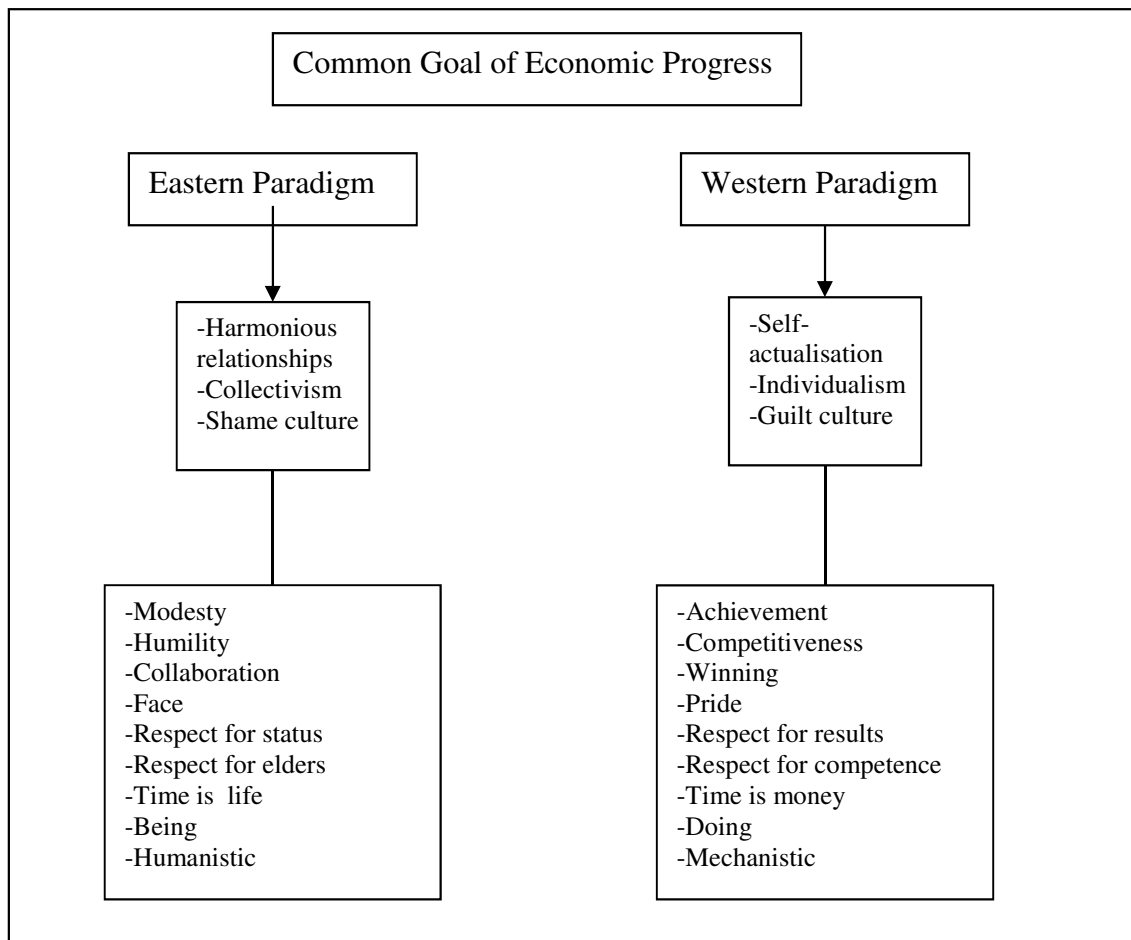
The integral part of this research is to argue that the cultural element has an important role in the HR practices of an organisation and depends on the national context. Meyer (2006) asserted that it is crucial to investigate moderating contextual factors in establishing why results vary and what additional variables are important. In terms of culture, institutional theory focuses on the deeper and more resilient aspects of the social structure. It considers the processes by which structures, including schemas, rules, norms and routines, become established as authoritative guidelines for social behaviour (Scott 2005, 2008). There is substantial evidence that firms in different types of economies react differently to similar challenges. DiMaggio and Powell (1991) defined this emerging perspective in organisation theory and sociology as 'the new institutionalism', which rejects the rational-actor model of classic economics. Instead, this perspective seeks cognitive and cultural explanations of social and organisational phenomena by considering the properties of individual units of analysis.

Malaysian HRM should be comprehended in the context of the nature of its Asian culture. Although Malaysians comprise people of different religions, rituals and symbolic expressions, they have common values such as respect for the elderly, collective orientation, harmony, concern for face-saving and a religious orientation (Selvarajah & Meyer 2008). Similar to China, the culture in Malaysia is generally characterised by traditional values such as collectivism, with an emphasis on harmony, respect for hierarchy, reciprocity, loyalty and the important of 'face' and *guanxi* (Abdullah 2001; Sloane-White 2011; Kaur & Metcalfe 1999). The concept of *guanxi* places high importance on interpersonal relationships and the reciprocity between subordinates and their superiors. Abdullah (2001, in press) called for a high degree of

sensitivity to local culture and demanded flexibility in managing HR issues in Malaysia. Her focus was to 'Malaysianise' Western-based management practices so that they would harmonise with local ways of doing things. For most Malaysians, the idea of development means being able to retain and preserve the richness of their ethnic heritage and still be able to incorporate work values which can promote productivity in the workplace.

Figure 2.5 illustrates the general difference between the Eastern and Western paradigms in contributing to economic progress. Most of the demonstrated values reflect Hofstede's collectivist versus individualist principles. The Eastern paradigm reflects values such as modesty, humility, collaboration, face and respect for status, which characterise the collectivist culture. The Western paradigm, on the other hand, values things such as achievement, competitiveness, winning, pride and respect for results, which is a representation of the individualistic culture. In 1997, Hofstede conducted a study on 50 countries and found that Malaysia, among other ASEAN countries (Philippines, Indonesia, Singapore and Thailand), scored very high on power distance, which accentuates the notion of status. Such a value seems at odds with the newly introduced concept of HPWP, where the major emphasis is on a participative and egalitarian work climate (Othman & Teh 2003; Lawler et al. 2000). It would seem that the hierarchical nature of Asian cultures hinders the effectiveness of HPWP. The harmonious relationship may militate against innovation and change. The nature of the cultural affect on organisational outcomes, particularly on employee engagement, is still unclear. The study explores this cultural effect to elucidate the ongoing debates.

**Figure 2.5: Eastern and Western goals of economic progress**



Source: Abdullah (2001)

The interweaving of HR policies with organisational strategy has been reinforced by the intensification of market competition at national and global levels (Ali 2010). The spread of capitalism and the integration of developing countries into the global capitalist system have challenged the Eastern paradigm practices. In developing countries, Muslim nations have faced the dilemma of adopting Western management practices while maintaining religious prescriptions and norms. The recent past has witnessed increasing interest in Western nations concerning the issue of religiosity (Sedikides 2010). There has been a renewed focus on business and management processes in Islamic countries and their political and cultural contexts. Evidence has shown that foreign ways of doing things often do not sit comfortably with Western management thought and that there is a need for understanding the national context in which management is practised (Branine & Pollard 2010) .

Although the field of HRM often emphasises that cultural issues play a dominant role in shaping HR practices in different countries, the issue of religiosity, part of the cultural component, has not emerged until recently. This has occurred because when authors have ventured into issues such as spirituality, feminist perspectives, national and regional HRD and societal development, they have often been met with scepticism and, even worse, animosity (McLean 2010). Such subjects are deemed contentious. Recommendations for refining the issue of religiosity may seem irrational and may impinge on cultural sensitivities. In academic psychology, for instance, the study of mental entities has a higher prestige than the study of a life domain such as religion, and thus the concept of religiosity has been excluded from enquiry by the leading academic departments (Sedikides 2010). Moreover, academics have mainly formed the false impression that religiosity is a rare and marginal phenomenon (Stark & Bainbridge 1985). All these tendencies may have tainted the study of religiosity as a potential antecedent and moderator of employee engagement.

Surprisingly, despite the fact that 85 per cent of people worldwide report having at least some religious belief (Zuckerman 2005) and 82 per cent claim that religion constitutes an important part of their daily life (Crabtree 2009, 2012), the potential association between religious beliefs, management practices and organisational outcomes has been clearly ignored in mainstream management research (Mellahi & Budhwar 2010). Religion has been deemed not worthy of study due to the scepticism about religion having any significant impact on individual behaviour at work. Hofstede (1991, 2010), a prominent scholar in cultural studies, claimed that culture precedes religion, which downplays the role of religion. He argued that religion is the result of previously existing cultural value patterns. A serious weakness in this argument, however, is the discrepancy in its contention; religion may actually precede culture. Hume (1757), in *The Natural History of Religion*, insinuated that every enquiry in regard to religion is of the utmost importance, and the questions which challenge our attention concern its foundation and its origin in human nature. Bloom's (2012) review of literature on religion showed that religion is an evolution and a solution to the problem of bringing together communities of people; religious beliefs and practice exist to instil cooperation and group feelings, to motivate kindness and compassion to other members of one's tribe. He further asserted that religious beliefs motivate how

people think and act. This suggests that religion is related to human nature and guides the way people live. This would then question Hofstede's claims. Bloom's (2012) interpretation of the evolution of religion suggests that religion may very well precede culture, that religion does have an effect on individuals in a society and, plausibly, that policy implications follow from this.

In the past few years, there have been strong signs of the relinquishment of this insular attitude. The positive psychology movement and the intensification of the debate between religious and secular circles have contributed to this change (Sedikides 2010). Religiosity, according to Sedikides (2010), is an orientation, a behavioural set and a lifestyle which is considered significant by the large majority of people worldwide. Hence, the issue of religiosity can no longer be ignored in the field of HRM research.

The premise of institutional theory is that the behaviour and actions of individuals can be explained by recognising the cultural setting and, accordingly, the religious context. Indeed, work behaviour motivated to some degree by religiosity may result in employee engagement and consequently greater performance at work. As in the sociological perspective, work is seen as meaningful, which is a critical feature of being religious. Religion facilitates an implicit form of self-regulation among individuals who are intrinsically committed to their religion, and this allows those individuals to strive for high standards in continuing to uphold their emotional well-being (Koole et al. 2010).

Malaysian HR practices should also be understood in the context of Malaysia's multi-ethnic society where there is a mixture of Islamic, Confucian and Western values (Mansor & Ali 1998). Since the majority of the population is Muslim, most work values are underpinned by the Islamic prescriptions based on the *Quran* (Al Habshi & Ghazali 1994) and the teachings of the Prophet Muhammad (Ali 2010). Such ethics advocate work to give meaning to life and state that economic activity is an obligation, with dedication to work a virtue (Yousef 2000). Further, prayer in the form of meditation can act as a coping mechanism (Baker 2008). In an experimental study by Fredrickson, Cohn, Coffey, Pek and Finkel (2008), it was found that meditation practices increased the daily experience of positive emotions and, in turn, produced a

rise in personal resources such as mastery and self-acceptance eight weeks later. This form of resource may be an important factor in employee engagement at work.

This study contends that, in the context of Malaysia, religion play a pertinent role in guiding employees' behaviour. Malaysia introduced Islamisation into government even before the 20th century. However, it was not until recently – with the rapid increase of Islamic places of worship, the inclusion of Islamic teachings in schools and universities, and the attention given to youth groups that draw upon Islamic values – that there were many changes in the country's development. The institutionalisation of Islam began in the 1980s with the introduction of *Penerapan Nilai-Nilai Murni* (The Application of Pure Values) as a policy guideline for the incorporation of Islamic ethics in governance. A study by Yousef (2000) found that Islamic work ethics have positive relationship with employee behaviour such as organisational commitment, satisfaction and loyalty. In this context, this study intends to show the limitations inherent in trying to adopt existing HR practices that have been used successfully elsewhere without analysing how well they can be predicated in different situations. The study argues that employees' attitudes to work are very much affected by their religious resources, and thus how much employees are engaged is very much predicated by the amount of religious belief they hold. This leads to the development of the following hypothesis:

***Hypothesis 3:*** Religiosity will significantly predict the variance in employee engagement among employees in the financial sector in Malaysia.

Ali, Gibbs and Camp (2000) found that HR issues in organisations have their foundations in religion. For instance, all religions call for justice in treating employees. The ten commandments in Christianity urge management to treat employees equally and reward them accordingly (Hashim 2008). Similarly, Islam urges all Muslims to promote and practise justice. This is a significant element in Islamic teaching and should be applied in daily life, as stated by the Holy *Quran*, the religious text of Islam. The *Quran* also requires leaders to be consultative and just. In Islam, an individual must continually struggle to work towards attaining God's satisfaction, and this belief guides individual behaviour. Economic and social activities undertake moral and



spiritual dimensions as a means for doing good to oneself and to society by following God's direction on wealth generation, ownership, equality and social justice (Branine & Pollard 2010a). In order to maintain an organisation of justice and equality, there should be a sense of humility among leaders. Employees should be treated and rewarded equally and justly. Islam further urges leaders to treat their subordinates with respect and courtesy, and certainly not to ignore their views and suggestions. Leaders should not be guided by personal emotions that might deviate them from the path of righteousness and trustworthiness, which are central to effective management (Dirks & Ferrin 2002). A recent study by Ali and Kazemi (2007) discovered that Islamic work ethics are positively related to loyalty among employees in Kuwait. This loyalty may also provide a foundation towards an employee's level of engagement at work.

Leaders are also expected to seek advice and consult others before making decisions (Branine & Pollard 2010). Being involved in discussion and providing suggestions are key leadership values in Islam and, in fact, are the characteristic of leaders that employees most welcome. Thus, as leaders coach and communicate with employees, those employees who are placed high on Islamic values may become more engaged at work. Participation, therefore, infuses trust and creates a culture of cooperation between employers and employees, ultimately creating an engaged workforce. From the viewpoint of Islamic religiosity, being religious has a significant effect not only on economic and political organisations but also on human relationships (Metcalf 2007). Employment relationships go beyond what is written in the psychological contracts with the presence of a religious element.

Studies on Islamic management have found relationships between organisational commitment and Islamic management styles (Hashim 2010). This shows that when leaders demonstrate ethical and religious behaviour, employees' commitment increases. For a Muslim leader, it is essential not only to know but also to apply the Islamic approach in managing employees (Hashim 2010). Thus, employees seeing their leader displaying 'rightful' behaviour are motivated to go further. Employees who are religious and welcome this behaviour may disclose higher levels of engagement. This leads to the following hypothesis:

***Hypothesis 4:*** Religiosity moderates the relationship between empowering leadership and employee engagement. Empowering leadership behaviour has a stronger and more positive relationship with employee engagement among employees who exhibit a high level of religiosity than employees who exhibit a low level of religiosity.

According to Branine and Pollard (2010), the application of Islamic principles to work values is not the same worldwide, and the local context has a substantial effect on their implementation. Indeed, the cultural setting of each country in which Islam is practised and interpreted differs, so much so that, in some instances, national management practices actually conflict with the teachings of Islam. In Malaysia, Islamic teachings are also fused with the presence of other teachings such as Confucian principles and the influences remaining from being former colonies of European powers. This mixture of cultural legacies and Islamic teaching must be understood, particularly by MNCs operating in Malaysia, for it obviously affects how HRM systems are practised.

In a study of Malaysian organisations owned by Muslims, Hashim (2008) revealed that HR practices were based on *Quranic* guidelines. The study revealed that among the HRM functions most commonly practised in Malaysian organisations based on the Islamic approach are compensation, selection and training. Contradictorily, Hashim (2009), in another study, found that even in the case of Malaysia, which has purposely attempted to strengthen the Islamic approach in business and government conduct, many employees are still not sure about Islamic HRM practices. Instead, Western HRM practices have been widely adopted (Chew 2005). Thus, the relationship between Islamic religiosity and HR practices is still unclear and its impact on employee behaviour at work remains uncertain.

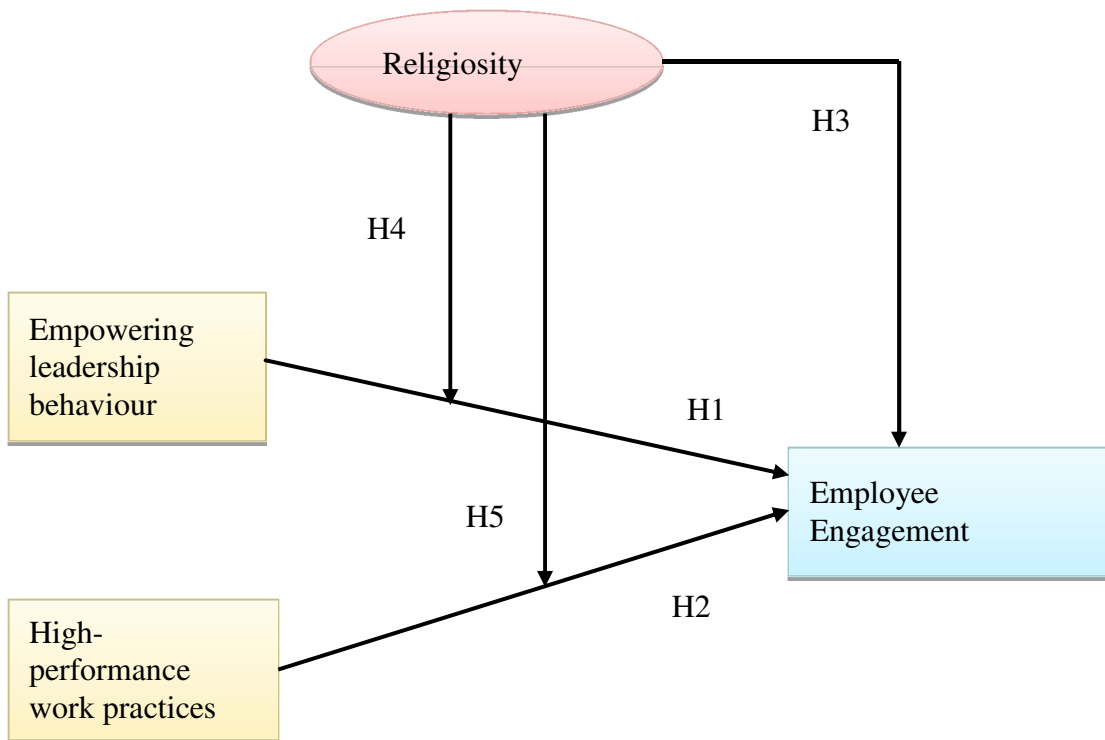
The argument put forth in this study is that, when the mission of the organisation and its HR practices align with an employee's concept of religiosity, the positive impact of HPWP on employee engagement is likely to be enhanced. In the absence of such alignment, however, the impact of HPWP might be diminished as the employee tries to work around their job duties and pursue their religiosity despite the organisation's emphasis on other priorities. Such a situation is also likely to prompt the employee to search for other opportunities and organisations that may be more supportive of their

belief. Indeed, if HPWP is appropriately established, that is, provided with justice and delivered using the ethical elements, employees who are highly religious may be more engaged at work. The development of the following hypothesis is based on the impression that religiosity would moderate the relationship between HPWP and employee engagement:

***Hypothesis 5:*** Religiosity moderates the relationship between high-performance work practices and employee engagement. High-performance work practices have a stronger and more positive relationship with employee engagement among employees who exhibit a high level of religiosity than for employees who exhibit a low level of religiosity.

The above arguments and discussions illustrate the basic processes that seemingly have to take place in order for organisational factors to impact on employee engagement (Figure 2.6). However, it is the linkages between the different processes that provide avenues for examining significant issues that may assist to enhance our theoretical and empirical understanding of the process through which HRM impacts on employee engagement. Exploring these linkages elicits a number of questions which are not addressed in the strategic HRM literature.

**Figure 2.6: Research framework**



Source: Author's construct

## 2.7 Summary

This chapter focused on conceptual issues as they relate to employee engagement. Specifically, the chapter discussed the different theoretical perspectives in understanding engagement. Together, these debates present insights into the macro and micro-institutional contexts which need to be taken into consideration in a setting that differs from those in the West. The central argument is the limitation of the mainstream single-level conceptualisations of employee engagement, which fail to capture the relational interplay of the contextual and multilevel conceptualisation of engagement. Having set the theoretical point for the study, the next chapter provides details of the Malaysian institutional setting.

## CHAPTER 3: MALAYSIA IN CONTEXT

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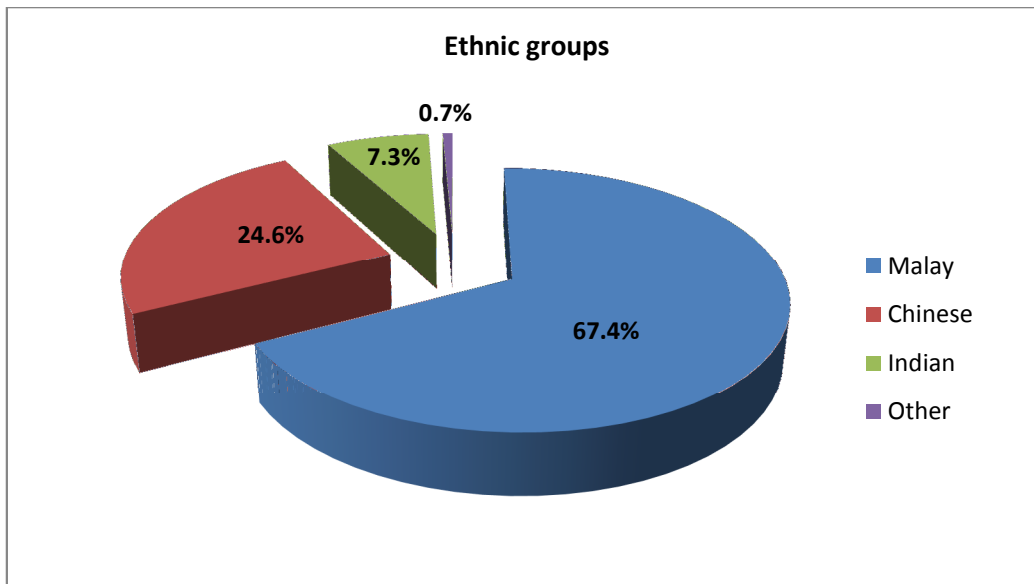
### 3.1 Introduction

With a population of 29.2 million and a literacy rate of 88.7 per cent, Malaysia is reported to be the third largest economy in South East Asia and thirtieth in the world with a gross domestic product (GDP) of USD 453 billion in 2011 (Central Intelligence Agency 2012). Malaysia has become transformed economically, socially, culturally and politically since its independence in 1957. Economic growth has been dependent on the state and capitalists markets, the country's natural resource endowments, and its cultural and political preconditions (Kaur & Metcalfe 1999). The data for this research have been drawn from professional, middle-management employees in the financial sector in Malaysia. In the discussion of human resource development and its relation to employee engagement, it is important to understand the contextual issues, such as history and the roles played by the stakeholders in the various institutions. The aim of this chapter is to provide contextual information and clarification in regard to the people of Malaysia, the political and economic background, human resource management in the Malaysian setting, the financial sector, the high-performance approach, the role of the Central Bank, the role of trade unions, labour trends and the role of religiosity. The chapter begins by reviewing the people of Malaysia through a historical lens.

### 3.2 The People

Malaysia is a multi-ethnic and multi-cultural nation with the Malays being the dominant group. In 2010, Malaysia's population was an estimated 28 million, divided along three major ethnic lines with approximately 67.4 per cent Malays, 24.6 per cent Chinese, 7.3 per cent Indians and 0.7 per cent others (Department of Statistics, Malaysia 2012) (Figure 3.1).

**Figure 3.1: Ethnic groups in Malaysia**



Source: Department of Statistics, Malaysia (2012)

It is generally known that these three ethnic groups are of different faith or religion. The Malays are Muslims; the Chinese observe a syncretic religion relating to Confucianism, Taoism, Buddhism and Christianity; and the Indians are mainly Hindus (Gomes 1999). This cultural plurality has been long recognised and the infamous 'divide and rule' policy of the British colonial administration prevented the socialisation of the different groups. The important thing to acknowledge from this history is the segregation of the three races. Each race had a distinctive position within the social and economic framework. At the beginning of the 19th century, the Malays remained in the rural areas as subsistence farmers or peasants, engaging mainly in rice farming, fishing and some trading of forest products (Gomes 1999; Smith 1990). The colonial period from 1850 to 1957 witnessed a radical social transformation of the country with the immigration of large numbers of Chinese and Indians to work in the tin mines, rubber plantations and other enterprises. Subsequently, the Chinese settled in the mining areas which had developed into urban and commercial centres. The Indians, on the other hand, were confined to the plantations and served as indentured labourers.

### 3.3 Politico-economic Background

Malaya achieved independence from the British in August 1957. The modern state of Malaysia was formed in 1963 by the union of the Federation of Malaya. The system reflects the political dominance of the Malays and their control of the administration as indigenous masters of the country (Kheng 1999). The Malaysian Constitution guaranteeing 'special rights' to the Malays or *Bumiputera* (sons of the soil) was approved by the Chinese and Indian leaders as part of the 'historic bargain'. Under the bargain, the non-Malays accepted the distinctive position of the Malays, with Malay as the national language, Islam as the official religion and the Malay rulers as constitutional monarchs. In return, the non-Malays acquired citizenship, freedom of worship and the right to use their own languages. Consequently, the non-Malays strived to find their own 'special' position by acquiring much wealth to gain a better prospect for protecting their future and families. During this period the Malays realised that they had lagged behind. The Chinese, particularly, having settled in the commercial centres, had fared better economically and were reported to have acquired a disproportionately large amount of the country's wealth (Kheng 1999). This circumstance awakened the Malay people and indirectly forced them to change their way of life to strive for a better position economically. Fortunately, times have changed. Today, the Malays are just as competitive and competent as the other ethnic groups (Ariff 2012). Essentially, it was during the regime of Prime Minister Mahathir Mohamed, Malaysia's longest serving Prime Minister, that attitudes to the non-Malays changed. Mahathir sought to accommodate much of the non-Malays' demands and recognised their rights, culture and roles in Malaysian society. Under Vision 2020, he strove to unite Malaysian society by promoting a full and fair partnership made of 'one Malaysian race'. After gaining independence, the government was determined to resolve any ethnicisation and introduced two major policies; the New Economic Policy (NEP) and the National Culture Policy (NCP) (Kheng 1999). These policies claim to foster ethnic peace and social justice in Malaysia. One of their major aims is to eradicate poverty by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race. Another major objective is to restructure Malaysia to correct economic imbalance.

The preservation of the country's unity and the welding of a unified nation have preoccupied Malaysia's leaders since independence (Kaur & Metcalfe 1999). In 1991, the prime minister, Dr Mahathir Mohamad, introduced his Vision 2020, whereby he envisaged Malaysia to be an advanced industrialised country by the year 2020. The key elements of Malaysia's path to modernisation would be to sustain economic growth and a united society. The vision needs to be seen in the context of the country's natural and historical heritage. The current society, irrespective of ethnic background, appears to have a common vision for the future – that is, to become an industrialised and united nation (Gomes 1999). A united society is deemed to be more pragmatic, innovative, rational and tolerant to prepare for the challenges of the new century. The new society is also expected to be confident and prepared to take on the rest of the world, guided by the national motto 'Malaysia can do' while being urged not to forsake their culture. As a result, culture has emerged as an important 'commodity' in Malaysia. The notion that culture determines achievement was very much advocated. Gomes (1999) elucidated that the obsession with culture and morality could be seen as an attempt to arrest the decline in morality and Asian values stemming from the country's rapid industrialisation and the growing influence of Western cultures.

Although there is a convergence in the way HRM is being practised, national particularities persist. Mahathir Mohamed played a pivotal role in introducing the Look East Policy in 1981 to re-orient Malaysia to Japanese, Korean and Taiwanese models of economic and socio-cultural development. The reason for this was to move away from being dependant on Western practices and policies. It seems that Western practices may not be ideal in a multicultural setting and in a mainly Muslim society. Thus, many of the country's developments were assigned to firms from Asian countries which may be more 'alike' to the Malaysians, in the hope that they would provide training for the local Malaysians. Additionally, the government tried to instil the values of thrift, hard work and high productivity from these countries into the Malaysian workforce (Kheng 1999). In doing so, the government attempted to incorporate formal Islamic principles into government policies and the private sector by measures such as the creation of the Islamic Bank.



### **3.4 Human Resource Management in Malaysia**

The importance of HRM as a competitive advantage has long been embraced by organisations in the West. However, in many South East Asian countries, the value of HRM for competitive advantage has yet to be observed. In the case of Malaysia, the history of human resource development is still unclear due to the lack of empirical evidence. In fact, the relationship between HR practices and organisational performance in Malaysia has mostly been published only recently (Lo et al. 2009; Osman et al. 2011; Abdullah et al. 2009; Yahya & Goh 2002). This is due to the fact that people management practices in Malaysia were characterised as being more personnel management than HRM, so that recognition and development of the HRM concept by Malaysian companies was rather slow and cautious (Rowley & Abdul-Rahman 2007). This is particularly true for the locally-owned companies operating in Malaysia. However, Malaysian managers, along with the government, have come to realise that HRM is crucial in bringing about organisational change, stability and harmony (Cheah-Liaw et al. 2003). Essentially, Malaysia can no longer compete on the basis of low labour costs, as other Asian economies such as China are competing more efficaciously on this basis (Rowley & Abdul-Rahman 2007). Hence, a focus on developing human resources and HRM programs is warranted.

The importance of HRM in Malaysia was first realised when the government of Malaysia introduced human resource development strategies in the Sixth Malaysia Plan in 1991. It was not until the 1990s that some organisations began to re-assess their corporate vision and mission in favour of regarding people as assets. The changes in the perception of HR as an important aspect of a country's development were further illustrated in the establishment of the Human Resource Development (HRD) Act in 1992, which later initiated the HRD Council (Rowley & Abdul-Rahman 2007). The Council was responsible for coordinating and developing HRD programs, particularly for the private sector. The Act introduced the Human Resource Development Fund which requires employers in the manufacturing and services sectors to contribute the equivalent of 1% of their payroll to the Human Resource Development Fund (Zin et al. 2002; Zin & Smith 2005). This contribution is used to subsidise the training expenses of the contributing firms. Such investments are an integral part of HR development and the recognition of human resources as an asset to organisations.

Due to the historical links between the UK and Malaysia and the influence of British policy, most Malaysian organisational practices reflect those used in the UK (Gould-Williams & Mohamed 2010). Chew (2005), in his study of personal care companies in Malaysia, claimed that HR practices in Malaysia are an artefact of both indigenous and Westernised practices dating back to British colonisation in the 19th century. This milieu of cultural and value pluralism of people management exhibits a number of distinctive features in the Malaysian business environment regulatory policies (Mellahi & Wood 2004b). The pressure along neoliberal lines exhibits a number of distinctive features of HRM which include targeted affirmative action policies, paternalism (at both governmental and firm levels) and active state efforts to promote the competitiveness of selected areas of industry (Mellahi & Wood 2004b).

The Asian 1997 financial crisis had a fundamental impact on management practices in Malaysia, one of which was the introduction of 'hard' HRM measures such as retrenchment (Zhu et al. 2007). New technology and advanced automation systems, along with restructuring, have required changes in the employment arrangement. Short-term fixed contract systems were adopted and reward systems were linked with outcomes of performance. Group-based and individual-based performance systems were adopted, in contrast to the traditional seniority-based system. Performance-based pay systems were reinforced by an increase in performance-based promotion. Training employees in new competencies was aided by restructuring to flatter structures, team-based design and professional development through comprehensive training (Rowley & Benson 2003). According to Zhu and colleagues (2007), although 'hard' HRM emerged, the 'soft' part of HRM was maintained in accordance with key aspects of Malaysian cultural and value systems. An example is the practice of managerial concern in helping employees and employee compliance with new managerial measures. This form of paternalistic behaviour by management is deep-rooted in the Asian culture (Aycan 2006). An important question to address is what form of HR work systems would be most effective in this Malaysian context, specifically in the financial sector under study.

As mentioned in Chapter 2, the field of HRM often emphasises that cultural issues have a dominant role in shaping HR practices in different countries. Yet the issue of

religiosity did not emerge until recently. The recent past has witnessed increased interest in Western nations concerning the Islamic world (Branine & Pollard 2010). There is a renewed interest in the business and management processes in Islamic countries. However, in the wake of the financial crisis, most of the focus is on developing Islamic economies and Islamic banking. Due to this, there is very little creditable empirical research that has explored HRM practices and employees' behaviour in relation to religiosity. Hashim (2010), in her study of organisations in Malaysia, revealed that the Islamic approach to HRM is frequently practised in all the HRM functions. The findings also provided evidence that the Islamic approach to HRM increases the level of commitment among employees. If religiosity is important to the Malay Muslims, then the adoption of the 'best practices' of Western HRM may not be suitable in the Malaysian setting, as they neglect this issue.

In terms of labour trends, there is a reasonably fluid market in Malaysia, and employee turnover has been found to be very high due to the tight labour market (Chew & Tan 1999; Smith 1983). The patterns of job mobility in the Malaysian labour market are also remarkably similar to those in Western developed countries (Smith 1990). According to a study by Smith (1990), labour market turnover in Malaysia peaks early in a career (between 5 and 10 years of experience). Hence, most employers are somewhat reluctant to train workers, knowing full well that employees will not stay in their organisation. The case is very different in a country like Japan, where lifetime employment prevails, and thus it makes sense to train workers since they do not 'job hop'. In Malaysia, it appears that many employers resort to 'labour poaching' to acquire new employees, so much so that employees are expected to be tolerant to job mobility. Chew and Tan (1999) claimed that it makes economic sense to have some other organisation train the employee and bear the risk of the loss of the investment in employee training, while they pay a premium to the employee without incurring the risk of loss. It would seem that in such conditions, market failure in skills training is unavoidable. If all employers waited for each other to have their workers trained, then the level of training in the industry would grow at a slow rate. Employers would be reluctant to invest in comprehensive training due to concerns of losing highly skilled and trained employees to another organisation.

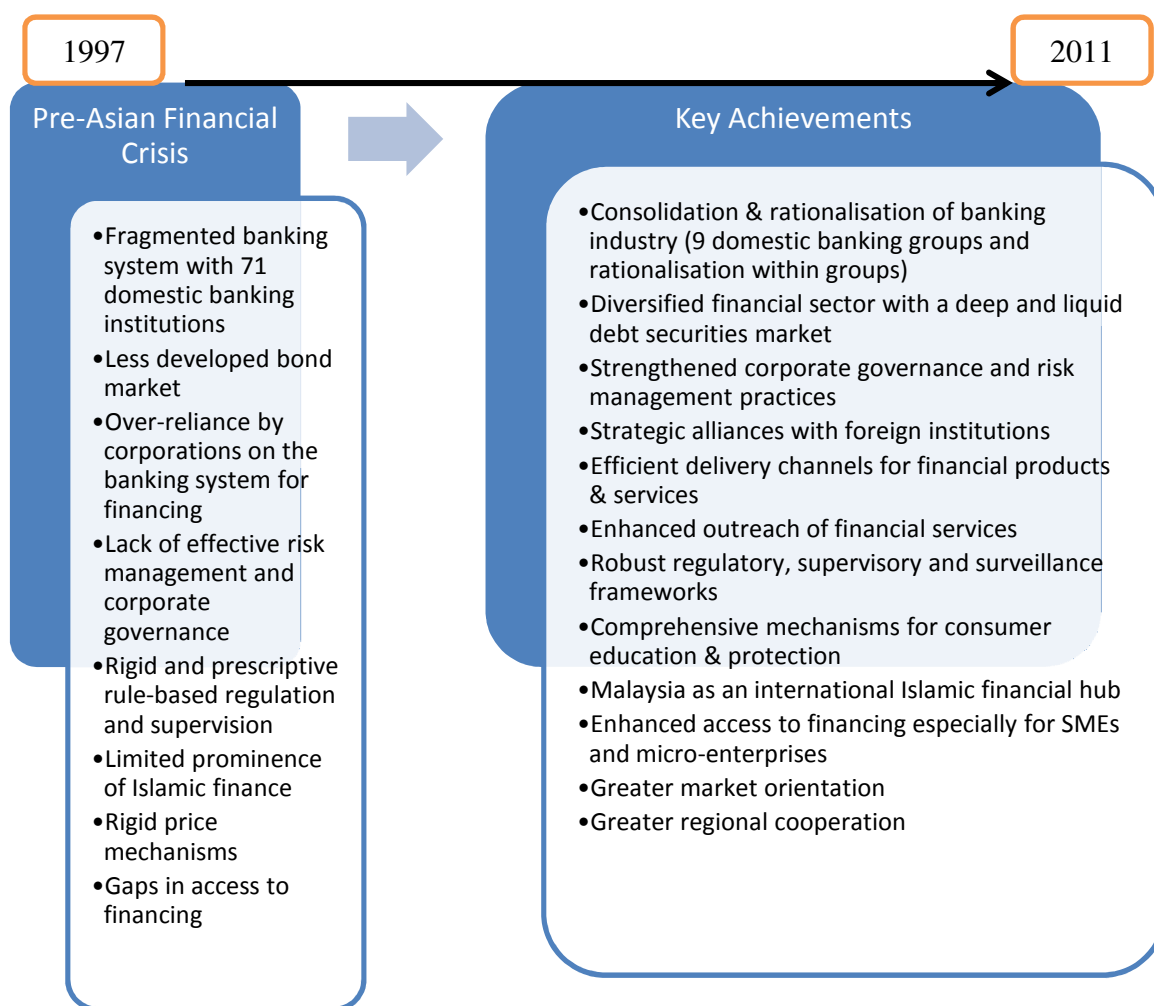
### **3.5 The Financial Sector**

Malaysia's rich history of financial sector reforms provides an interesting context for this research. Since the 1970s, a series of financial restructuring programs aimed at improving the financial system has been launched. Financial development in terms of the emergence of more financial institutions and financial instruments has improved tremendously (Ang 2009). After the Asian financial crisis of 1997–98, a series of macro-economic policy responses such as capital controls, reflationary policy and restructuring of the banking sectors took place (Ang & McKibbin 2007).

Services provided by the financial sector are essential drivers for innovation and growth, and make an important contribution to the Malaysian GDP (Tham & Loke 2012). Four service subsectors made the largest contribution to GDP in 2009: (1) finance, insurance, real estate and business services; (2) wholesale/retail trade and hotels and restaurants; (3) transport, storage and communications; and (4) government services. The financial sector, however, has grown substantially over the past 30 years, from around 20 percent in the 1970s to over 30 per cent recently, making it now the largest contributor to total services (Tham & Loke 2012).

Fundamental shifts are taking place in the Malaysian financial industry, driven by changes in both supply and demand. The supply side is influenced by the internationalisation of local banks, the increasing legitimacy of capital markets and radical deregulation. In contrast, the demand side changes are influenced by the expansion of middle-class society, rapid economic growth and the rise of consumerism (Foyston & Almeida 1992). Figure 3.2 demonstrates the evolution of the Malaysian financial sector from 1997 to 2011.

**Figure 3.2: Evolution of the Malaysian financial sector**



Source: Central Bank of Malaysia (2011)

The country's Central Bank (Bank Negara Malaysia) was formed in 1959 to promote monetary stability and financial stability conducive to the sustainable growth of the Malaysian economy (Meow-Chung & Kwek 2012). The Central Bank's regulatory authority extends to the country's financial institutions, comprising banking and non-banking financial institutions. The banking institutions include the commercial banks, finance companies, Islamic banks, merchant banks and money market institutions. The non-banking financial institutions include development finance institutions, provident and pension funds, insurance companies, savings institutions and a group of other financial intermediaries (Table 3.1).

**Table 3.1: Major financial institutions and the workforce**

	2008	2009	2010	2011
<b>Number of institutions</b>				
Banking institutions				
<i>Commercial banks</i>	22	22	23	25
<i>Investment banks</i>	15	15	15	15
<i>Islamic banks</i>	17	17	17	16
Non-banking institutions				
<i>Insurance companies</i>	42	40	39	37
<i>Development finance institutions</i>	n.a.	13	13	13
<b>Number of employees</b>				
Banking institutions				
<i>Commercial banks</i>	99,593	98,846	103,089	105,887
<i>Investment banks</i>	8,561	8,129	8,972	9,505
<i>Islamic banks</i>	6,702	7,829	7,829	9,233
Non-banking institutions				
<i>Insurance institutions</i>	24,152	23,449	24,233	25,496
<i>Development finance institutions</i>	n.a.	n.a.	17,565	18,023

Source: Financial Stability and Payment Systems Report, Central Bank of Malaysia (2011)

### 3.6 High-performance Plans and the Role of the Central Bank

The central bank launched a Financial Sector Master plan in 2001 to revamp the finance sector following the Asian Financial Crisis. The master plan calls for emphasis on Islamic banking, of which Malaysia has become a centre. In 2011, a new 10-year Financial Sector Blueprint was established to reinforce the government's initiatives to drive Malaysia to become a fully developed nation. The financial sector has a key role in spurring new areas of growth and facilitating economic transformation (Ministry of Finance 2012). This 10-year Blueprint is a strategic plan that charts the future direction of the financial system as Malaysia moves towards a high-value-added, high-income economy. Part of this high-value-added economy is a focus on human resource development and engendering talent. The quality and productivity of the workforce represents an essential element in the development of a dynamic financial system. Thus comprehensive education, learning and training programs have resulted in different platforms to meet the diverse needs of financial services professionals at varying stages (Figure 3.3). The 10th Malaysian Plan (RMKe-10) in 2011 charted the

increment in talented and knowledgeable employees in Malaysia from 28% in 2011 to 33% in 2015 and 50% in 2020.

**Figure 3.3: Human resource development and enrichment**



Source: Financial Sector Blueprint, Central Bank of Malaysia (2011)

In the pursuit to reach the status of a developed country by the year 2020, the Malaysian government has put much emphasis on retraining and upgrading the skills of the workforce. This emphasis is essential to increase the intensity of knowledge of employees and to equip them with up-to-date skills as work techniques become

progressively automated and business increasingly competitive. Retraining and upgrading of skills are also of paramount importance in enhancing the ability of the workforce to adapt to the changing business environment (Financial Sector Blueprint 2011). In 1993, the government implemented the Human Resources Development Act 1992, which led to the establishment of the Human Resources Development Fund (HRDF). This fund is administered by the Human Resource Development Council (HRDC), which is now known as Pembangunan Sumber Manusia Berhad (PSMB).

According to a study of the Asia-Pacific Economic Cooperation (APEC) countries conducted by the Ministry of Business, Innovation and Employment, New Zealand (2007), the rate of adoption of HPWP tends to be higher in more developed economies. This is reflected in the presence of factors that favour the use of HPWP in a firm such as a highly educated workforce, high use of technology, managers' high educational level, corporate rather than family ownership, multinational presence and larger firms. Many of the Asian countries studied (Singapore, Malaysia and Thailand) actively promote the notion of HPWP. For the most part, the main objective is to increase employee productivity by raising employee skill levels and motivating and engaging workers more effectively. Like other Asian countries, these nations may be under great pressure to catch up because of being latecomers as global economic players and thus are more ready to accept HR practices as a progressive 'given' and adapt accordingly (Cooke & Saini 2010b). Essentially, the Malaysian government also hopes to raise socio-cultural and economic development by adopting the high-performance road in its practice.

In Malaysia, the strategic challenges that Malaysian leaders face are how to maintain organisational growth and renewal and pursue excellence, and how to best prepare for the next millennium within the context of its people – a multiracial and multi-religious society (Yeoh 1998). The Financial Sector Blueprint clearly plans to transform financial institutions by using a high-commitment high-performance program for enhancing organisational performance to respond to market pressure. Nevertheless, as mentioned in the Introduction to this thesis, a major question is whether the HRM concepts that are applied in the Western countries are applicable in Malaysia. And to what extent are the concepts in the Malaysian context similar to or different from those



prescribed in the existing job engagement model? The cultural perspective suggests that, as each culture is relatively unique, it may require specific understanding to identify appropriate HRM concepts. To date, there is no published research, at least in the Web of Knowledge, in regard to the outcomes or issues arising when adopting HPWP in Malaysia. While the Malaysian government appears to be fully cognisant of the need for the execution of high performing entities, the success of the implementation of the program is not so apparent. This study attempts to identify how the 'high road' plan is essentially executed in Malaysian firms, specifically within the scope of this study, the financial sector. Thus, the question remains: for all the hype, is adopting HPWP providing successful outcomes in Malaysia?

### **3.7 The Role of Trade Unions in Malaysia: a Formal Grievance System**

The Malaysian Trades Union Congress (MTUC) is the national trade union centre in Malaysia and was formed in 1949. Trade unions first emerged in the 1920s when the Communist Party of Malaya encouraged unskilled workers to unionise (Baker & McKenzie 1993). Both employers and employees have the right to form unions but each union must consist of only employees or only employers and not both. The current legislative instruments regulating trade union activities in Malaysia are the Trade Unions Act 1959 and the Industrial Relations Act 1967, where the former regulates trade union activities and the latter regulates employer-union relations.

The legal and institutional environment in Malaysia is not favourable to the development of a strong trade union movement (Che Rose et al. 2010; Wad & Jomo 2013). In the Western setting, industrialisation did not take place under State direction or patronage but in a *laissez-faire* setting. However, as in Singapore, Taiwan and Korea, all unions in Malaysia have to be registered, which enables the government to weed out unwanted unions and unionists (Chew & Tan 1999). In some cases, the government has encouraged (some may say 'created') unions which the government could control (De Silva 1998). This is often reflected in the right retained by many Asian governments (e.g., Malaysia and Singapore) to intervene in collective bargaining, in the restrictions imposed on bargainable issues, and in the right to intervene in disputes through the arbitration process. Unions that are affiliates of the

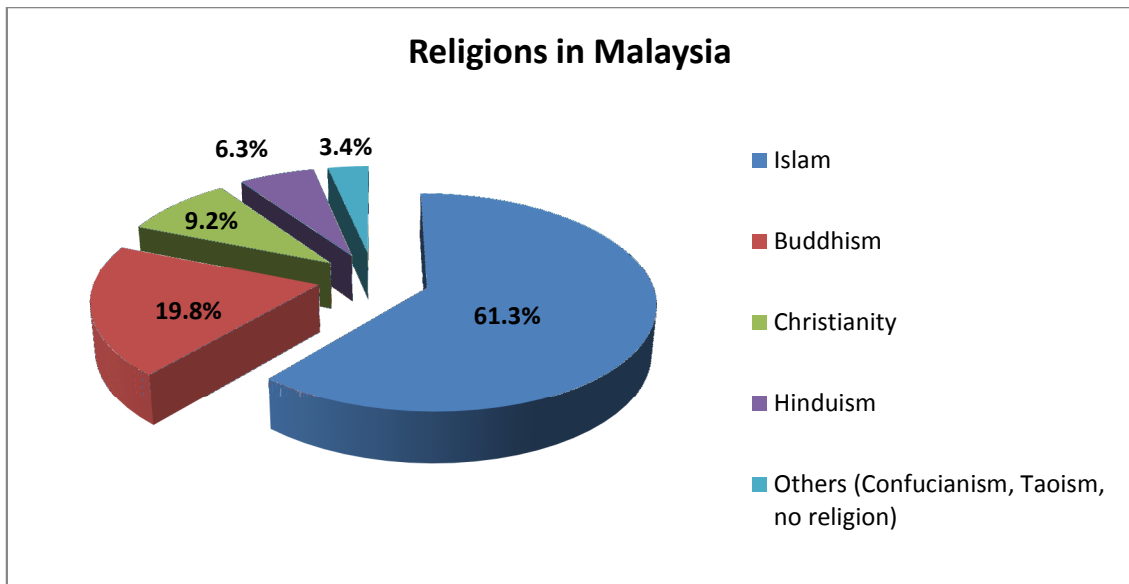
apex federation are also required to have the approval of the government. This is done to ensure that the state exercises control over the growth and character of the labour movement. Chew and Tan (1999) further noted that Malaysia's industrial relations regime has been employer-driven in the sense that laws controlling unions' activities have been stringent. Generally, the government has officially encouraged 'in house' or enterprise unions rather than national unions (Ramasamy & Rowley 2011).

However, the pertinent aspect to acknowledge here is that a union only protects employees in lower-level management, such as clerical staff and related employees, and officers. A study by Peetz and Todd (2001) on unions in Malaysian banking found that professional employees such as executives in the financial sector are not unionised. Thus during the 1998 financial crisis, many non-unionised employees at executive level received no bonus while all other clerical staff and officers in the National Union of Bank Employees (NUBE) and Association of Bank Officers (ABOM) received a two-month bonus, because it had been guaranteed in the collective agreement.

### **3.8 Religiosity and its Role in Malaysia**

Given the fact that the majority of the population is Muslim Malays (Figure 3.4), Islam has been the most important factor in Malay identity as a source of solidarity and a form of ethnic differentiation from non-Malays (Gomes 1999). The prevalent Islamic faith can be observed particularly by the rapid increase of Islamic places of worship, the establishment of Islamic laws to replace the secular legal system, the inclusion of Islamic teaching in schools and universities, and the attention given to youth groups that are based on Islamic values. It is these values that form individual identity at work and how work is perceived.

**Figure 3.4: Religions in Malaysia**



Source: Department of Statistics, Malaysia (2012)

The potential association between religious beliefs, management practices and organisational outcomes has been clearly ignored in mainstream management research (Mellahi & Budhwar 2010). The facts that the majority of the population in Malaysia are Muslims and Islam is the national religion may provide significant evidence as to how religiosity may play a role in individual behaviour at work. 'Islam', an Arabic word, means submission to the will of God in all aspects of life. In Islam, human resource development refers to the development of both spiritual and human virtues (Alam & Muzahid 2006). Striving to meet both types of virtues is seen as an obligation of every individual. The term 'Islamism' is frequently used for the ideology of political Islam (Chernov-Hwang 2009). Islamism strives for a larger role for Islam in the government, economy and society of a Muslim country such as Malaysia. The policies advocated by the government aim to make the country more reflective of Islamic values (Table 3.2). Unlike Muslim countries such as Indonesia, Pakistan, Yemen and Bangladesh, which have experienced high uncertainty and destabilisation (Chernov-Hwang 2009), Malaysia has experienced stable and peaceful Islamic engagements. The fact that Malaysia has a long history of peaceful activities coexisting with the peaceful proliferation of Islamic activities has influenced the institutionalisation of the finance sector. Indeed, a Muslim state can and does influence – through its policies and institutions – the behaviour of its human resources.

**Table 3.2: Malaysian government Islamisation policies**

Year policy enacted	Details of policy
1974	Government establishes Islamic Center to coordinate all national Islamic activities
1975	Ministry of Education increases the budget for training of Islamic school teachers
1978	Government declares plan to revise the national legal system to bring it more in line with <i>sharia</i> (Islamic law)
1979	Government announces plan to establish the Southeast Asian Islamic Research Center
1981	Government introduces compulsory course for Muslim university students on Islamic civilisations
1983	Government employees must attend courses on Islamic law, irrespective of their faith
1983	Islamic bank is established
1983	Islamic insurance ( <i>Syarikat Takaful</i> ) company is established
1984	Islamic Development Foundation is established
1984	Official declaration of ‘Islamisation of Government Machinery’
1988	Program is initiated to build ‘Islamic villages’ in cities throughout Malaysia
1992	Institute of Islamic Understanding (IKIM) is established
1995	Securities Commission establishesthe Department for Islamic Capital Markets
1996	Islamic law ( <i>sharia</i> ) Advisory Council established for the Department of Capital Markets
1997	Government makes Islamic Civilisation course compulsory for students of all religions
2000	Government increases monitoring at Friday sermons and mosques
2000	Government proposes to standardise school religious curriculum
2001	Finance minister launches plan to make Malaysia a hub for Islamic capital market activities
2002	Islamic Financial Services board to set international standards to ensure the soundness and stability of the Islamic banking and insurance industries and the Islamic capital market
2004	Prime Minister Abdullah Badawi conceptualises <i>Islam Hadari</i> as Islam that is consistent with pluralism and democracy
2005	Malaysia becomes the first jurisdiction in the world to put in place a shariah-compliant (Islamic law compliant) deposit insurance scheme
2010	Malaysia is closely involved in the establishment of the International Islamic Liquidity Management Corporation (modelled on the International Monetary Fund) to address liquidity issues in the international Islamic financial industry and facilitate the flow of Islamic financial services

Source: Adapted and expanded from Chernov-Hwang (2009)

The religious as well as the cultural background of Malaysia may play an important part in the interplay between HR practices and employee engagement. Since the majority of the population are Muslim, most work values are underpinned by Islamic concepts based on the *Quran* (Al Habshi & Ghazali 1994). These ethics advocate work to give meaning to life and economic activity as an obligation, with dedication to work a virtue (Yousef 2000). The recent phenomenon of *Islam Hadhari* (Civilisational Islam), introduced by Prime Minister Abdullah Badawi, has contributed to the way Malaysian organisations are managed (Hashim 2009). The institutionalisation of Islam began in the 1980s with the introduction of *Penerapan Nilai-Nilai Murni* (The Application of Pure Values) as a policy guideline for the incorporation of Islamic ethics in governance.

This study contends that an employee's attitude to work is very much affected by their religious resources. Within this context, the study intends to show the limitations in trying to adopt HR practices that have been used successfully elsewhere without analysing how well they can be predicated in different situations or contexts. Thus, it is anticipated that this research will produce theoretical and practical insights into employee engagement in the Malaysian HR context.

### **3.9 Summary**

This chapter has provided a broad overview of the Malaysian environment and cultural background. It argues that societal context plays a major role in shaping HR practices. Specifically, religiosity may have a significant effect on the way employees identify with work and how they are engaged at work. Malaysia, like other Asian nations, has been striving to adopt Western HR models, particularly in the government's implementation of high performance. It is questionable whether these models are appropriate in the Malaysian setting, and the task of this thesis is to examine this issue in depth.

## CHAPTER 4: RESEARCH METHODOLOGY

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### 4.1 Introduction

This chapter discusses the research strategies and outlines the techniques used in this study. The research questions in this thesis require data to be collected through both qualitative and quantitative methods. Hence, the chapter discusses the mixed method approach adopted for the study. The chapter is organised in the following manner. It begins with a consideration of the research paradigm, the mixed method paradigm, and the rationale for using the mixed method approach. This is followed by the research context, methods, data analysis techniques and, finally, the ethical considerations.

### 4.2 Considerations of Research Paradigm

The notion of a paradigm as an all-encompassing framework which shapes people's approach to the world has become common since the publication of Kuhn's (1962) *The Structure of Scientific Revolutions*. Much of the debate in social science research has been on the distinction between two dominant paradigms: the positivist, which advocates the quantitative approach, and the constructivist, which advocates the qualitative approach. A controversy on the 'incompatibility thesis' has raged for over two decades (Teddlie & Tashakkori 2012). It is thus crucial for the researcher to determine the appropriate paradigm to adopt in a study. As Guba and Lincoln (1994) argued:

Paradigm issues are crucial; no inquirer, we maintain, ought to go about the business of inquiry without being clear about just what paradigm informs and guides his or her approach (p. 116).

Tashakkori and Teddlie (2009) defined 'paradigm' as a worldview, together with the various philosophical assumptions associated with that point of view. Worldview refers to the way the world is experienced, which is based on beliefs, morals, values and aesthetics (Morgan 2007). A worldview consists of stances adopted on the elements of ontology, epistemology, axiology and methodology (Creswell & Plano-Clark 2011). Using these dimensions, Creswell and Plano Clark (2011) identified four

world views (Table 4.1) which are the worldviews most commonly agreed among scholars.

**Table 4.1: Elements of worldview and implications for practice**

<b>Worldview element</b>	<b>Postpositivism</b>	<b>Constructivism</b>	<b>Participatory</b>	<b>Pragmatism</b>
<b>Ontology</b> (What is the nature of reality?)	Singular reality (e.g., researchers reject or fail to reject hypotheses)	Multiple realities (e.g., researchers provide quotes to illustrate different perspectives)	Political reality (e.g., findings are negotiated with participants)	Singular and multiple realities (e.g., researchers test hypotheses and provide multiple perspectives)
<b>Epistemology</b> (What is the relationship between the researcher and that being researched?)	Distance and impartiality (e.g., researchers objectively collect data on instruments)	Closeness (e.g., researchers visit participants at their sites to collect data)	Collaboration (e.g., researchers actively involve participants as collaborators)	Practicality (e.g., researchers collect data by 'what works' to address research question)
<b>Axiology</b> (What is the role of values?)	Unbiased (e.g., researchers use checks to eliminate bias)	Biased (e.g., researchers actively talk about their biases and interpretations)	Negotiated (e.g., researchers negotiate their biases with participants)	Multiple stances (e.g., researchers include both biased and unbiased perspectives)
<b>Methodology</b> (What is the process of research?)	Deductive (e.g., researchers test <i>a priori</i> theory)	Inductive (e.g., researchers start with participants' views and build up to patterns, theories and generalisations)	Participatory (e.g., researchers involve participants in all stages of the research and engage in cyclical reviews of results)	Combining (e.g., researchers collect both quantitative and qualitative data and mix them)
<b>Rhetoric</b> (What is the language of research?)	Formal style (e.g., researchers use agreed-on definitions of variables)	Informal style (e.g., researchers write in an informal style)	Advocacy and change (e.g., researchers use language that will help bring about change and advocate for participants)	Formal and informal (e.g., researchers may employ both formal and informal styles of writing)

Source: Creswell and Plano-Clark (2011)

Postpositivism is closely identified with quantitative research. Researchers make claims based on a cause-and-effect rationale, focusing on variables that can be interrelated, conducting detailed measures of variables, and testing and refining theories (Slife & Williams 1995). Postpositivists aim to test a theory and describe an experience through observation and measurement in order to predict a claim. On the other hand, constructivists or interpretivists are typically associated with qualitative approaches. The main aim of this paradigm is to understand the world of human experience, which suggest that reality is socially constructed (Mertens 2009). With this form of enquiry, researchers find the meaning of a phenomenon through understanding participants and their subjective views. Participatory worldview, often associated with qualitative approaches, is influenced by political concerns. Heron and Reason (1997) claimed that the fundamental quality of participatory worldview is that it is self-reflexive. It allows a human to know that everyone is a part of the whole rather than separated, and to join others in collaborative forms of enquiry. The fourth worldview, pragmatism, emphasises the consequences of research and is pluralistic in nature. The pragmatic approach relies on abductive reasoning that moves back and forth between induction and deduction (Morgan 2007) (Table 4.2). Pragmatists also use an intersubjective approach, which captures the components of both subjectivity and objectivity. Further, researchers with this view advocate the concept of transferability and ask whether something that is learned in one context can be applied in another.

**Table 4.2: A pragmatic alternative to the key issues in social science research methodology**

	<b>Qualitative approach</b>	<b>Quantitative approach</b>	<b>Pragmatic approach</b>
Connection of theory and data	Induction	Deduction	Abduction
Relationship to research process	Subjectivity	Objectivity	Intersubjectivity
Inference from data	Context	Generality	Transferability

Source: Morgan (2007)

Strong supporters of the metaphysical paradigm such as Lincoln et al. (2011) have explicitly stated that they have no objection to combining methods as long as there is no attempt to combine paradigms. Embracing the single paradigm approach, as advocated by Morgan (2007), Teddlie and Tashakkori (2012) and Creswell and Plano-Clark (2011), and having understood the nature of each paradigm, the study adopts the



pragmatism model with the mixed method approach. The choice of the mixed method is driven by the questions that the researcher seeks to answer rather than arising from a particular philosophical assumption. The pragmatic paradigm places the research problem at the centre and applies all approaches to understanding the problem (Creswell 2003). Researchers adopting this approach are encouraged to focus on the 'what' and the 'how' of the research problem. The growth of mixed methods research has been accompanied by a debate over the rationale for combining what was previously regarded as incompatible methodologies. It seems that the paradigm war has waned (Patton 2002), and there is a reconciliation between both methodological communities where a mixed method approach is advocated (Tashakkori & Teddlie 2010).

### **4.3 The Mixed Method Paradigm**

The conceptual interest in mixed method approaches to social inquiry has developed dramatically over the last 20 years (Greene 2008) and the number of scholars embracing it continues to expand (Tashakkori 2009). A resolution was found during the 1990s where it was acceptable to mix qualitative and quantitative methods in research (Tashakkori & Teddlie 2009). The ontological and epistemological positions of researchers, whether implicit or explicit, generally influence the ways in which they approach and craft their research. At the outset, researchers are confronted with two broad streams of research designs – quantitative and qualitative – that they may implement to uncover the intricacies that lie beneath a given phenomenon (Glaser & Strauss 1967). It has been argued that the corroboration of findings revealed by one method by findings based on another method can produce more comprehensive and valid findings and meaningful answers to research questions (Greene 2006). Quantitative methodology is generally associated with the positivist approach to social phenomena, which demonstrates a concern with causal inferences based on statistical associations. In order to proceed with research that is informed by this particular strand of epistemology, quantitative-oriented researchers are encouraged to exploit the potentialities of social observation in order to gain an inside view (Reiss 1971). Both approaches are legitimate ways of understanding the world and thus can be integrated (Haase & Myers 1988; Tashakkori & Teddlie 2009).

Mixed method research allows for additional insights and understanding that might be neglected when only a single method is used, and thus it produces the more complete knowledge necessary to inform theory and practice (Johnson & Onwuegbuzie 2004). There are four purposes for mixed method research as identified by Greene, Caracelli and Graham (1989): (1) triangulation (convergence and corroboration of findings from different methods), (2) complementarity (elaboration, enhancement or clarification of the findings from one method with the findings from the other method), (3) development (results from one method help to develop or inform the use of the other method) and (4) expansion (extending the breadth and range of enquiry by using different methods for different enquiry components). The disposition of this study is to triangulate and complement the qualitative and the quantitative findings. By triangulating, the study increases the validity of constructs and enquiry results by reducing the inherent method bias. Complementarity seeks elaboration of the results from one method with the results from the other method, and this increases the interpretability, meaningfulness and validity of results by capitalising on method strengths.

Henry, Julnes and Mark (1998) went a step further by developing an ‘emergent realist’ paradigm which reflects those of the pragmatist paradigm. The emergent realists have a tendency to think that whatever we believe now is only an approximation of reality and that every new observation brings us closer to understanding reality (Blackburn 2005). Realism is plural with respect to methodologies and theories and, therefore, offers a good platform from which to embark on integrated mixed-method research (Olsen 2004). Although this perspective is still relatively uncommon, except in Europe (Creswell & Plano-Clark 2011), the similarity of its approach to that of the pragmatists should be noted. Generally, it can be reasoned that in social science, mixed method research is becoming increasingly articulated and attached to research practice, and has been recognised as the third major research paradigm in conducting research (Campbell & Fiske 1998; Olsen 2004). In attempting to answer the research questions that have been formulated, this study adopts a mixed method research design, which involves surveys and interviews. Following is a discussion of the epistemological considerations that justify the use of the adopted approach.

#### **4.4 Epistemological Stance: Rationale for Using a Mixed Method Approach**

The central premise of a mixed method study is that the use of qualitative and quantitative approaches within a study may offer a better understanding of a complex phenomenon than either approach alone provides. Embracing the thesis of ‘complementary strengths’ as advocated by many scholars (Bryman 2003; Duffy 2007; Olsen 2004), this study established two goals: (1) to explore and understand the process by which employee engagement emerges using the qualitative method and (2) to determine whether there are any associations between the predicted variables demonstrated by the quantitative analysis. Consequently, the study used both quantitative and qualitative techniques to access different facets of the same social phenomenon.

Several contributions are made by employing these different techniques. They were adopted to overcome the limitations of previous engagement studies that focused solely on the quantitative method; to extend theory and practice to the strategic management field; to significantly enhance the interpretation of the findings by corroborating data from both methods; to increase the validity of the data; to take the context of Malaysia into consideration; and to explore and test the different research questions of this study.

First, employee engagement studies have been predominantly quantitative in nature. This prevalence is reflected in the number of empirical articles using a quantitative approach (Table 2.3 in Chapter 2). There has been little use of the qualitative method to explore employee engagement. With the exception of Kahn’s (1990) seminal qualitative study of summer camp counsellors and architecture firm employees and a few other studies, most research has been conducted on the basis of predicted relationships, i.e., it has been quantitative in nature. In order to contribute to the understanding of employee engagement, this study adds the qualitative approach by connecting with participants in the field to obtain inside views as to how they view engagement at work. Thus, while the quantitative survey allows for the confirmation of previous studies’ findings on employee engagement, the qualitative research allows for

the identification of emergent factors that may not have been discovered in previous employee engagement studies.

Second, in relation to the strategic management field, Barr (2004) indicated that although the use of the qualitative method in strategy research has lagged significantly in comparison to quantitative approaches, significant contributions to strategy theory and practice have been derived from qualitative studies. In regard to this, the study attempts to bridge the chasm and explore the factors that may or may not affect engagement by conducting not only a quantitative survey but also qualitative interviews. The rather 'open and subjective' nature of the questions in the semi-structured interviews enables an in-depth comprehension of the HR practices and leadership behaviour in these organisations which could not be obtained solely through the use of a structured survey questionnaire.

Third, the mixed method is adopted to enhance the interpretation of the findings. Data from both the qualitative and the quantitative analyses are corroborated with the hope of presenting more comprehensive findings and a more insightful understanding of the underlying phenomena. The central premise is that both methods may provide a better consideration of the research problems than either approach alone provides (Creswell & Plano-Clark 2011; Johnson & Onwuegbuzie 2004).

Fourth, using mixed methods in this study may increased the confidence and validity of the results. Stronger inferences can be made when both studies complement each other. In the case where there are unexpected results, each set of data can provide an extension or explanation as to why the phenomenon under study is significant or irrelevant.

Fifth, Malaysia, with its multi-ethnic and religious identity, creates a unique and complex context. Malaysia as a unique developing country calls for a methodology that is holistic, reflexive and rigorous at the same time in order to understand 'reality'. Thus, a reflexive qualitative study and an investigative quantitative study are crucial in searching for reality, particularly in a context where not much research has been published.

Finally, and most importantly, mixed method study was adopted to explore and test the different research questions proposed in this study. The first research question relates to how engagement occurs or emerges at work and this required a qualitative approach. Investigating the predicted relationships between employee engagement and leadership behaviour, high-performance work practices and religiosity required a quantitative approach. According to Molina-Azorin (2007), from a resource-based view, the mixed method approach is considered rare, valuable and difficult to imitate. The expectation of this study is that, by utilising both methods, it may contribute to existing theory and research, and make a valuable justification of employee engagement research.

#### 4.5 Research Design Method

In designing a mixed method study, Molina-Azorin (2007) and Morse (2003) pinpoint two factors: priority and implementation of data collection (Table 4.3). ‘Priority’ refers to the emphasis the researcher puts on the methods chosen for the study, which can be equivalent status or the domination of one method. In terms of priority, the thesis gives equal priority to both the qualitative (QUAL) and quantitative (QUAN) studies. Both methods were used equally for understanding the phenomenon under study. ‘Implementation’ refers to the sequence used for collecting qualitative and quantitative data. The data for this study were gathered at the same time, using a concurrent triangulation design.

**Table 4.3: Types of mixed-method designs**

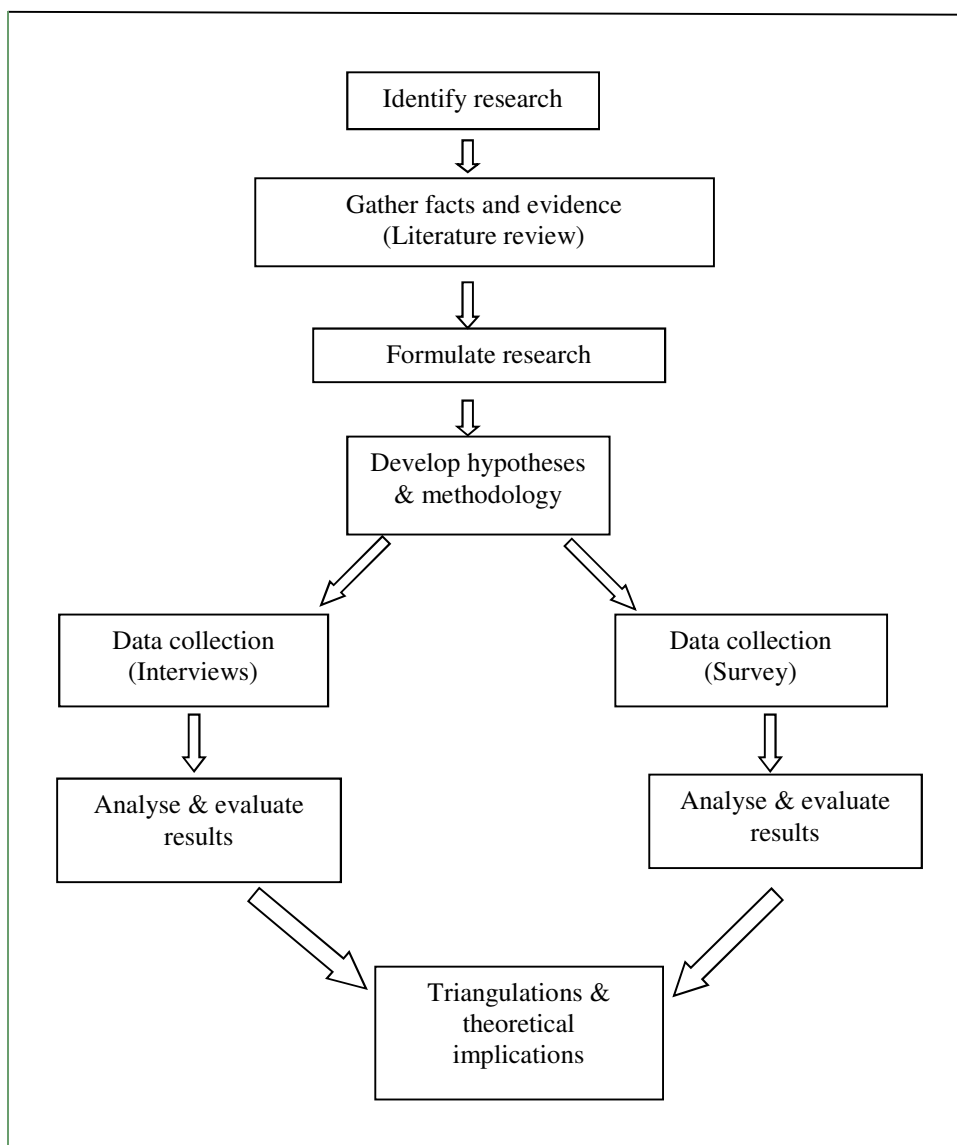
		IMPLEMENTATION	
		Simultaneous	Sequential
PRIORITY	Equal	QUAL + QUAN	QUAL → QUAN QUAN → QUAL
	Different	QUAL + quan QUAN + qual	qual → QUAN QUAL → quan quan → QUAL QUAN → qual

Source: Molina-Azorin (2007)

Note: The dominant method appears in uppercase letters (QUAN, QUAL); the complementary method is in lowercase (quan, qual).

Concurrent design allows researchers to triangulate the results from the separate QUAN and QUAL components of the research, thereby allowing them to confirm, cross-validate and corroborate findings within a single study (Creswell & Plano-Clark 2011). The quantitative survey took longer to process due to the difficulty in reaching the required sample size (refer to Section 4.8.3 for an acceptable sample size). The interviews took three months to complete and the survey took six months to complete. However, while in actuality one research method may yield more dominant results than the other, both methods were treated equally (Figure 4.1).

**Figure 4.1: Research methodology**



Source: Author's construct

## **4.6 Research Context**

### **4.6.1 Target population**

The unit of analysis in the study is professional employees working in financial institutions in Malaysia. ‘Financial institution’ refers to an individual organisation in the financial industry such as the central bank, a commercial bank or an insurance company (Tobin & Brainard 1963). There are a number of reasons for choosing the financial sector for this study. First, in the context of development, the financial sector has become an important pillar of strength in the economy of Malaysia. As elaborated in Chapter 3, the financial sector is one of the largest contributors to GDP in the services sector, making an 11.8 per cent contribution in 2011 (Economic Report, Ministry of Finance, Malaysia 2012). Second, the labour force in the financial sector has grown. According to the Malaysian Economic Report (2012), the financial sector is the source of employment for about 7 per cent of the workforce. This places the financial sector among the four major sectors, which absorb close to 60 per cent of the country’s workforce.

Researchers may be more likely to measure ‘intended’ HR practices when HR representatives are surveyed and more likely to measure ‘actual’ HR practices when employees are surveyed (Kinnie et al. 2006). Further, Kanter (1982) strongly advocated the need to recognise the increased importance of middle management. The roles and influence of middle managers have been studied in many areas such as innovation (Nonaka & Takeuchi 1995), strategy implementation (Huy 2002) and strategy-making processes (Currie & Procter 2005). Despite their potential influence, middle management employees in Malaysia have received little attention. In this study, professional middle-management employees in the financial sector were selected for participation in this research. Employees in professional roles (R&D executives and managers, and banking and sales executives, among others) were chosen so that the survey sample would reflect a broad range of responsibilities to assist in the generalisation of results to other professionals – although with caution. Additionally, in 2005, the government introduced the High Performance Plan, which aimed to enhance leadership roles and high-performing entities, and that set an appropriate context for the aims of this research (Marsden 2008).

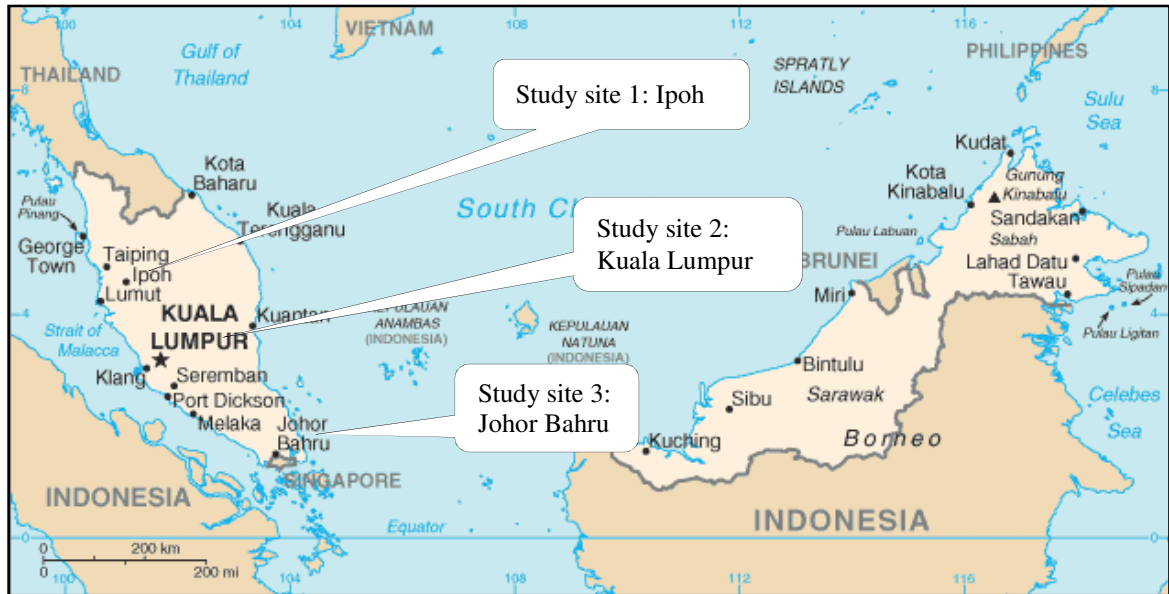
Additionally, considerable evidence has shown that HRM practices vary systematically according to an organisation's size. Thus, only organisations consisting of more than 1000 employees were included in the study. This is because larger organisations are more likely than smaller ones to adopt participative work practices (Lawler 1992), intensive training and development procedures (Jackson, Schuler & Rivero 2006) and a highly developed internal labour market (Baron, Davis-Blake & Bielby 1986), all of which suit the context of this study.

#### **4.6.2 Malaysia in context**

As mentioned in the Introduction, past research on employee engagement has been conducted primarily in the United States and European countries (Bakker, Demerouti & Schaufeli 2005; Demerouti, Bakker, De Jonge, Janssen & Schaufeli 2001; Montgomery et al. 2003; Seppala et al. 2009). Conducting a study in Malaysia would contribute to the breadth of research in employee engagement and increase the applicability of the construct. The sample for this study was drawn from three of Malaysia's major urban areas: Kuala Lumpur, Johor Bahru and Ipoh, as shown on the map below (Figure 4.2). The selection of locations is based on important factors. First, all three locations are well-developed urban areas where the financial sector plays a prominent role. All three locations are deemed cities by the *Yang di-Pertuan Agong* (Sultan) of Malaysia. The requirements for a place to be named a city include having a centre of business and industrialisation and having strong financial institutions (Local Government Act 171 1976). Secondly, in terms of population distribution, these three locations are among the most saturated ones and are acknowledged as three of the largest cities in Malaysia (Department of Statistics, Malaysia 2012). The third motive for choosing Kuala Lumpur, Johor Bahru and Ipoh was the large labour force in the financial sector in each location: 47,600, 26,200 and 14,900 employees respectively (Department of Statistics, Malaysia 2012). This large labour force is reflected in the high number of financial institutions and insurance agencies which are concentrated in these locations. The fieldwork took place in 2011.



**Figure 4.2: Study sites**



Source: CIA World Factbook (2012)

#### **4.7 Study 1: Qualitative Study**

This section elaborates on the adoption of the qualitative method to explore an employee’s work experience by the administration of a semi-structured interview. Semi-structured interviews were adopted in this study as a means to get closer to the subjects and see the world from their perspectives. Open-ended questions were used to reduce the amount of tainting or leading the interviewee in a particular direction. This allows each interviewee to tell their story in their own words without bias from the researcher. Employees’ interpretations of their experiences at work should provide the rich form of data that is relevant for this research. The qualitative approach complements the quantitative insofar as it allows for in-depth insights into the process through which associations involving employee engagement emerge. The aim of the qualitative component of this research is to answer the following research questions, which were introduced in Chapter 2:

- What form of empowering leadership plays a significant role in engaging employees at work and how does it occur?
- Do high-performance work practices exist in Malaysian organisations? If so, how have they impacted on the level of employee engagement?
- What is the relative importance of religiosity in relation to the level of engagement at work in this Malaysian context?

According to Hatch (2002), most qualitative study is rooted in the principles of phenomenology. The philosophy of phenomenology focuses on subjective human experiences and descriptions of meaning (Polkinghorne 1989). An important challenge for a researcher conducting a qualitative enquiry is that they must possess the ability to withhold previously preconceived ideas or stereotypes about the phenomenon under study, and yet simultaneously remain reflective, fully present and engaged (Moustakas 1994). Essentially, the subjective meanings of experiences are not simply imprinted on individuals but are formed through interaction with others (Creswell 2007, 2012). The phenomenon of employee engagement fits well into this model since it is through the interactions of participants in the workplace – between colleagues as well as with leaders – that individuals have developed their views and sentiments about the phenomenon under study. The sections that follow describe the sampling strategy, the instrument utilised, the pilot study, the data collection procedures, the evaluation of validity and reliability of the interviews, and data analysis procedures.

#### **4.7.1 Sampling strategy**

Purposive sampling is used in Study 1 to increase the transferability of the data. Transferability refers to the generalisability of results from a specific sending context in a qualitative study to another specific receiving context (Tashakkori & Teddlie 1998, 2008). The purpose is to select a small number of cases that will yield the most information about a particular phenomenon, yielding a greater depth of information from the carefully selected cases (Patton 2002). An appropriate sample size should generate enough data for a qualitative study (Auerbach & Silverstein 2003). According to Strauss and Corbin (1998), theoretical saturation occurs when the relationships

among categories are well established and validated, and no relevant data seem to emerge regarding the variables. The total number of participants interviewed was forty-one employees. Although saturation of data was found by the twenty-fifth interview, further interviews were conducted to validate the data. Thus, although no significant new concepts emerged after twenty-five participants had been interviewed, sixteen additional interviews were conducted to add weight to the concepts and provide stronger references to the emerging themes.

The participants were recruited using two means: random sampling and snowballing. A simple random sample is one in which each unit in the accessible population has an equal chance of being included in the sample, and the probability of a unit being selected is not affected by the selection of other units from the accessible population (Tashakkori & Teddlie 2009). The research started with an e-mail list from the Central Bank of Malaysia which provided a list of all the organisations in the financial sector: banking and insurance. Each of the organisations listed was contacted by e-mail and those that replied were further probed for the contact references of middle managers. Each of the middle managers interviewed also provided further contacts; hence, the use of the snowballing technique. Although the initial plan was to interview employees in all three locations, as had been done with Study 2, no one from Ipoh agreed to be interviewed. Most of the participants were from Kuala Lumpur (35 participants) and the rest from Johor Bahru (6 participants).

This study acknowledges the potential difficulty of securing responses. Based on evidence emerging from experience in many countries, the non-response rate to an interview request seem to have risen over time (Smith 2007; Hansen 2007). Unfortunately, very low response rates also seem to correspond with South East Asian countries (Harzing 2000). One approach to resolving this problem and increasing the response rate is to provide incentives (Singer & Couper 2008). Incentives are particularly important in gaining responses in the Malaysian culture (Wirakusuma 2006). Helgeson, Voss and Terpening (2002) reported that a monetary incentive has a significant effect on response rates. Each invitation in the e-mail was accompanied by a statement, 'Each of the participants for the interviews will be given a Jusco or

Metrojaya store voucher worth RM50'. This invitation was accompanied by a statement indicating that the respondent's anonymity would be protected.

#### **4.7.2 The instrument: semi-structured interviews**

The interviews performed as part of this research were in-depth, open-ended, semi-structured questions. A structured interview involves asking each participant the same questions and is very much like a questionnaire (Sommer & Sommer 1992). On the other hand, unstructured interviews are conducted without a pre-determined set of questions and typically appear to be lengthy conversations with occasional prompts by the researcher (Patton 2002). A semi-structured interview falls between structured and unstructured interviews. It is generally organised around a set of predetermined open-ended questions, with other questions emerging from the dialogue between the researcher and the participant.

Thus, the interview agenda in this study began with broad topic areas such as the demographic profile of the employees and enquiries about leaders' behaviour, HR practices and personal resources. These constructs were tentative but flexible enough to allow new research themes to emerge for theory-building purposes (Yin 2003). Participants were prompted to describe their beliefs as to why specific behaviour of leaders assists in engagement or in what way certain leadership behaviour inhibits engagement. Further, in order to assess the processes by which HR practices affect engagement, participants were asked questions about the role HR plays in their organisation and how this may influence their engagement level. To gauge the responsiveness of the financial sector's role in HR practices, the interview questions included questions on training availability, reward issues and appraisal systems, among others (See Appendix D for list of questions asked). Participants were also probed in regard to their personal resources relating to engagement. In order to avoid bias, direct questions on religiosity were not asked. However, each participant was asked to talk about their personal resources as a means for higher engagement at work. Most, as will be elaborated in Chapter 5, referred to religiosity as their personal resource. Participants were then probed on how religiosity impacted on their level of engagement.

### ***Pilot study of the semi-structured interviews***

In order to review the suitability of the questions for the interviews, a pilot study was carried out in January 2011. The aim of the pilot study was to assess the validity, language and relevance of the questions included in the interview protocol. Four participants from the financial sector were consulted to review the semi-structured questions. Comments were made to improve the structure as well as the clarity of the questions. The questions were amended according to the feedback received. The final interview protocol is listed in Appendix D.

#### **4.7.3 Data collection procedures**

Contacts with participants were first established in January 2011 through e-mail. Each respondent who indicated a willingness to participate was personally contacted to arrange the time and date for an interview. The interviews took place according to the preference of respondents: either in a consultancy or meeting room at the respondent's organisation or at an off-site location. Each interview took between thirty minutes and one and half hours and was recorded. Boyce (2006) asserted that interviews allow for a more relaxed atmosphere for collecting information since people feel more comfortable having a conversation with the researcher about their experience at work than completing a questionnaire. The most pertinent aspect of an interview is that people answer the questions honestly and privately. At the outset, interviewees were assured of the confidentiality of their responses. This is necessary to allow peace of mind and to create a comfortable environment in which the interviewees can readily answer the questions posed to them and volunteer their honest opinions (Singer et al. 1992). The value of the research was also impressed on the respondents at the beginning of the interviews.

#### **4.7.4 Data analysis procedures**

Responses were transcribed verbatim for content analysis. NVivo software was used to process and manage the data. To ensure that all transcripts were generated systematically, the transcripts included mispronunciations, slang, grammatical errors and nonverbal sounds (McLellan et al. 2003).

### ***Reliability and validity of the interview data***

According to Denzin and Lincoln (2011), interviewing is a robust qualitative method which aims at a clear description of individual experiences. Validity concerns the soundness, legitimacy and relevance of a research theory and its investigations or practice (Kitchin & Tate 2000). In optimising the validity of this study, much effort was made to ensure that the elements and sample were sufficiently representative to produce valid conclusions. Data were collected from three sub-sectors of the financial sector. The data were coded following suggestions by Miles and Huberman (1984) to ensure intra-code reliability. This required the researcher to code some segments of data at two different periods to confirm that the coding of data from the first round was similar to the coding during the second round.

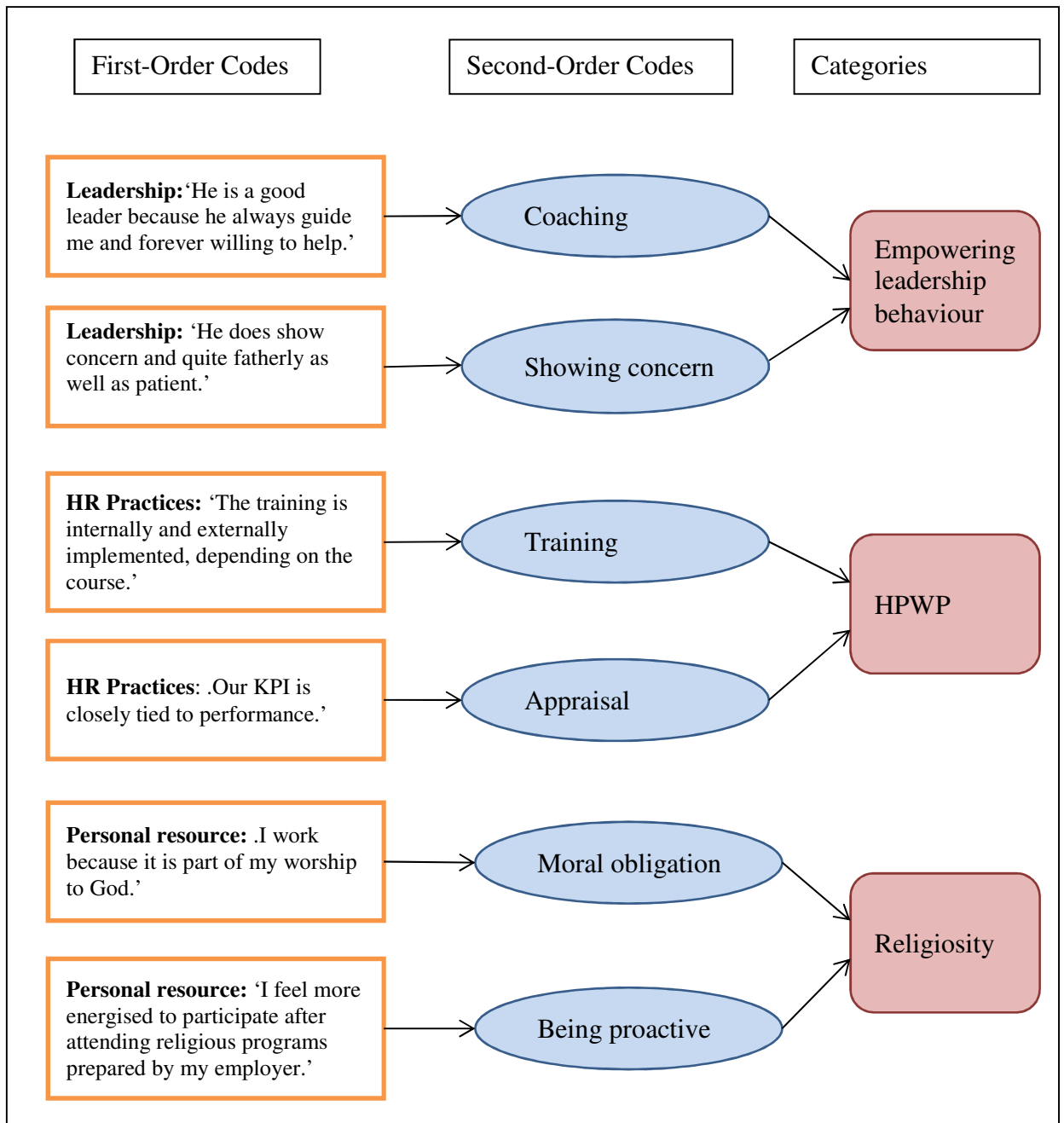
Specifically, the interview content was coded to develop rubrics in the light of the insights specific to the topic of this research. Theoretical saturation (Corbin & Strauss 2008) was reached early in the process, as there was no need to adapt the major themes after half the analysis had been done. For each of the themes identified, example quotes were chosen from the transcripts to illustrate the points made and to facilitate clearer insights (Figure 4.3). In respect to comprehensiveness, it should be noted that the interviews were conducted in both Malay and English according to the comfort of the interviewees. As English is the second language of Malaysia, many interviewees were quite comfortable in answering the questions in both English and Malay.

### ***Method of analysis***

The reliability and validity of the data were further enhanced by an appropriate process adapted from Miles and Huberman (1984) and Gioia and Thomas (1996). As suggested by these authors, the analysis process was based on categorisation and themes which utilised three major phases. The first phase involved repeated reading of all the transcripts. Descriptive codes that originated from key areas of the study's interest were used to group segments of the texts. The main categories were leadership issues, HR issues and personal resources. In the second phase, the main categories were segmented to identify themes for the second-order group. The first-order groups were repeatedly visited and grouped into new segments. For example, transcripts that involved leadership issues were further grouped into different categories such as

coaching, participative decision making, showing concern. The final phase assembled the second-order group into the major themes of the study. Figure 4.3 illustrates the different phases of the analysis.

**Figure 4.3: Phases of categorical analysis for the study**



Source: Adapted from Gioia and Thomas (1996)

## ***Reflexivity***

Studies that involve qualitative approaches require the researcher to explore a phenomenon that occurs in the 'real world' without excluding its intricacies. This suggests that it is important to acknowledge the researcher's role in the construction of interview participants' presentations of their experiences. Patton (2002) argued that reflexivity requires qualitative enquirers to be attentive to and conscious of the cultural, political, social, linguistic and ideological origins of their own initiatives and voices as well as the voices and perspectives of those they interview and report on. In a multi-racial country such as Malaysia, the researcher's personal creed and colour may have influenced what the employees chose to tell in the interviews. The researcher's presence as a Malay was received better by organisations headed by a Malay than by organisations headed by a non-Malay – hence the large number of Malay participants compared to other ethnicities. This issue seems not to be a crucial matter since one of the major objectives of the study was to explore the religiosity of the Malay Muslim's experience at work.

Further, due to the researcher's identical ethnicity and religiosity to the participants, it was relatively easy to 'break the ice', particularly when the researcher began the introduction in the Malay language. Generally, the participants were very open in sharing their personal information and opinions about their experiences and were quite often blunt and sincere in discussing their responses to these experiences. Had it been another researcher of a different ethnicity and religion conducting the interviews, these participants may have disclosed less information about their personal experiences and instead focused more on the concrete details of their job.

It is also necessary to acknowledge the possible influence of the researcher's background on the way the data have been interpreted. The organisation of knowledge and discussions certainly occurs from the point of view of a researcher's personal experiences, social contexts, academic training and theoretical preferences, and this can well influence the research outcomes (Cunliffe 2003). But as Weick (1995) argued, ontological uncertainties are a necessary part of sense-making because, in acting within multiple realities, no one can be an ontological purist. As shown in Appendix D, all the questions asked were in reference to the general subjects of



leadership behaviour, HR practices and personal resources. For example, in terms of personal resources, the researcher did not ask specifically whether employees were engaged due to religiosity but the issue was raised genuinely by the participants themselves. Thus, while the researcher feels that her background and identity may have influenced the findings, she is confident that the way the data were collected avoided bias or partiality and that the discussions are a valid representation of the data.

## **4.8 Study 2: Quantitative Study**

Following Hussey and Hussey's (1997) assertion that the behaviour of human beings can be objectively measured, the study assessed the extent to which empowering leadership, high-performance work practices and religiosity are associated with employee engagement. The aim was to test the relationships between a defined set of variables by using a survey (Strauss 1998). Inputs from the survey were used to complement the interview data. The survey questionnaire is a suitable tool for a quantitative study as it enables a large amount of data to be gathered to identify the factors that may or may not affect engagement. The aim of the quantitative component was to answer the following research questions, which were introduced in Chapter 2:

- Does empowering leadership play a significant role in engaging employees at work?
- Do high-performance work practices have any impact on employee engagement?
- Does religiosity moderate the relationship between empowering leadership behaviour, high-performance work practices and employee engagement?

The following sections describe the sampling strategy, controlling for common method bias, pre-power analysis, the data collection procedure, the instrument utilised and the data analysis techniques.

### **4.8.1 Sampling strategy**

Probability sampling was used in Study 2 to increase external validity. 'External validity' refers to the generalisability of results from a quantitative study of populations, settings, times and so forth (Tashakkori & Teddlie 2010). The purpose is

to select a large number of cases that are collectively representative of the population of interest and will lead to a breadth of information (Patton 2002).

Organisations in the financial sector were targeted for the study. The sampling strategy for Study 2 involved simple random sampling. Initially, a list of 125 organisations in the financial sector was gathered from the Central Bank of Malaysia's directory in 2010. They included banking institutions, insurance organisations and *takaful* (Islamic insurance) operators. Each of the listed organisations was mostly the headquarters of the institution. These institutions were contacted by e-mail and those that replied were then contacted by phone as a courtesy and an introduction to the study. Where there was no reply, the organisations were contacted with a phone call to gain access to top managers, who were briefed on the nature and aim of the study and how their company's contribution might play a vital role in the outcome of the research. Consequently, ten senior managers (top management) from different organisations gave approval and selected liaison persons to ensure a smooth process of survey distribution. One thousand surveys were distributed to their offices in the three locations: Kuala Lumpur, Johor Bahru and Ipoh. A total of 278 questionnaires received were usable, yielding a response rate of 27.8%. This number is sufficient considering the sample size consideration in pre-analysis (see Section 4.8.3).

#### **4.8.2 Controlling for common method bias**

Scholars have begun to consider the validity of the cross-sectional method of study, particularly in regard to the concerns about common method bias and the interpretation of causal inferences (Rindfleisch et al. 2008). Some scholars (e.g., Podsakoff & Organ 1986; Ostroff et al. 2002; Podsakoff et al. 2012) have asserted that common method bias is a problem and researchers need to do whatever they can to control it. This bias can either inflate or attenuate relationships, and the validity of relationships between measures could be threatened (Spector 2006; Nunnally & Bernstein 1978).

To control for common method bias, the study adopted several techniques proposed by Podsakoff and colleagues (2003, 2012). First, the questionnaire was designed to minimise task difficulty so that respondents would be more likely to respond accurately. The questionnaire items used clear and concise language that would be

easily understood by middle managers in Malaysia. Further, all the scale points were labelled, instead of just the end points, as advocated by Podsakoff and colleagues. Secondly, to maximise respondent motivation and the likelihood of answering accurately, a cover story was provided, stating the purpose of the study and explaining how the information would be used and how it would benefit the organisation (e.g., by mentioning that the data would help organisations in the financial sector to improve working conditions for employees). The respondents' self-expression was enhanced by explaining that their opinions were highly valuable to the study. Additionally, to avoid respondents' socially desirable bias, the respondents were assured that their responses would remain anonymous. They were advised that there were no right or wrong answers and requested to answer the questionnaire as honestly as possible. The researcher further advised them in the covering letter that people are likely to have different opinions about employee engagement. Lastly, the study attempted to reduce common method bias by using questionnaires with good psychometric properties (see Section 4.8.5) for questionnaire selection.

### **4.8.3 Pre-analysis (power analysis in determining sample size)**

In order to determine the sample size required for a study, a prior power analysis must be conducted (Cohen 1992). Statistical power is central to regression analysis as it can affect the robustness and generalisability of the research results. Sample size is the key component in determining adequate power. Achieving sufficient power is vital in reducing Type II errors, which occur when the significant differences that exist in hypothesised relationships are mistakenly overlooked (Mone et al. 1996). According to Green (1991), there are four issues relating to statistical power: effect size, alpha level, sample size and number of predictors. For this study, Green's (1991) approach was used to determine the sample size. This approach is an improvement on Harris's (1985) approach and was developed as a two-step rule of thumb from Cohen's (1988) power analytic approach.

#### ***Green's (1991) approach***

According to Cohen (1988), the minimum number of cases necessary for one independent variable is 53. However, Green (1991) found results to be more accurate when studies contain medium effect sizes with a smaller number of predictors ( $IV < 7$ ).

The addition of predictors conservatively increases the sample size. The formula was a revision of Harris's (1985) approach. As recommended by Tabachnick and Fidell (2007), the following formula can be used to obtain the sample size:

$$N = 50 + 8 IV$$

There are several limitations in using this approach. First, this formula breaks down when samples are small (Tabachnick 1989). If the sample contains fewer than 100 cases, the width of the errors when estimating correlation in small samples will always produce an unacceptably low power no matter what the ratio is. Second, this measure does not account for effect size. According to Cohen (1988), for regression analysis with differing effect sizes, the number of subjects required varies. Third, this method does not account for the significance level. Thus, using this method can result in substantial bias.

Green later revised the formula and developed a two-step rule of thumb from Cohen's (1988) power analytic approach (Green 1991). The first step determines lambda (L). For each additional predictor from 2 to 10, L rises by 1.5, 1.4, 1.3, 1.2, 1.1, 1.0, 0.9, 0.8 and 0.7, respectively. For each additional predictor after 10, L rises by 0.6. The number of independent variables is represented by  $m_1 < 11$  and  $m_2 = m - m_1$ .

$$\text{Step 1 : } L = 6.4 + 1.65 (m_1) - 0.05 (m_1)^2 + 0.6 (m_2)$$

In this research, there are three independent variables, one moderator variable and seven control variables:

- Empowering leaders' behaviour – treated as one independent variable (5 dimensions)
- High-performance work practices – treated as one independent variable (7 dimensions)
- Religiosity as moderator and as control variable – one independent variable + one manifest variable
- Control variables (age, gender, ethnicity, educational qualification, tenure, job position, income) – 7 control variables

Therefore,  $L = 6.4 + 1.65 (10) - 0.05 (10)^2 + 0.6 (1) = 18.5$

For regression analysis, the effect size is represented by  $f^2$  and  $R^2$  (Cohen 1988), where  $f^2$  is  $R^2 / (1 - R^2)$ . For small, medium and large effect sizes,  $R^2$  values are 0.02, 0.13 and 0.26, and  $f^2$  equates to 0.02, 0.15 and 0.35, respectively. Effect size is the researcher's estimate of what the expected difference might be in the size (magnitude) of the anticipated relationship, association or amount of explained variance on the outcome variable(s). Estimating the effect size is the most difficult aspect of sample size planning (Duffy 2006). The smaller the anticipated effect size, the larger is the necessary sample size (see Table 4.4). Thus:

$$\text{Step 2 : } N = L / f^2$$

**Table 4.4: Effect size for the study**

Effect size	$N = L / f^2$
For a small effect size	$N = 18.5 / 0.02 = 925$ cases
For a medium effect size	$N = 18.5 / 0.15 = 123$ cases
For a large effect size	$N = 18.5 / 0.35 = 53$ cases

The relationship between employee engagement and empowering leadership variables, high performance work practices and religiosity is expected to have a medium effect size due to the fact that research on these issues has not been largely tested in previous work. Therefore, the researcher used the conservative way to define the effect size for the research. That is, this research expected to obtain a medium effect size, as indicated by Cohen. The expected sample size was an average of 123 cases. Consequently, this power analysis assisted in determining how large a sample was required for statistical judgments that would be accurate and reliable, and how likely the statistical test would be to detect the effects of a given size in a particular situation.

#### **4.8.4 Data collection procedure**

In this study, the self-administered survey method was used. Contact was made with top managers from the organisations, who were asked if they would endorse the study. Ten organisations supported the study objectives and permitted access to their

employees. Questionnaires were sent out in mid-April 2011. Respondents were given approximately two weeks in which to respond. An e-mail reminder was sent to the liaison officer who had been selected by the top management. The liaison officer was expected to use the company's internal e-mail during the second week to encourage non-respondents to take part in the survey. After one month, the number of employees responding to the study was still low and a second e-mail reminder was sent during the fifth week by the liaison officer. E-mail reminders are crucial in gaining a higher response rate (Sheehan & McMillan 1999).

The survey took six months to complete due to the initial low response rate from all three locations. To overcome this problem, various strategies were implemented. First, to increase the response rate and conform to accepted ethical procedures, respondents were assured of the confidentiality of their answers. It is imperative that respondents feel comfortable when answering the questions and can give their honest opinions (Singer et al. 1992). Second, since top management had approved the study, an e-mail from the management supporting this research was sent to employees. This can be extremely helpful since return rates can be increased by support from top level management (Schmidt et al. 1991). The significance of the research was also addressed in the covering letter. Respondent anonymity was assured. Third, as an incentive, the survey came with an offer, 'You will be entered in a draw for an iPod'. Participants were informed that they were not required to give their work e-mail address but could give any e-mail address for contact in case of winning. Thus, they could use an anonymous e-mail address to ensure confidentiality. This form of incentive was given approval by the RMIT Ethics Committee. Although access to some organisations was denied, the researcher was granted access to major banks and insurance organisations in Malaysia. Findings from these banks and insurance organisations can evidently be generalised for Malaysia's overall financial sector.

#### **4.8.5 The survey questionnaire**

The survey questionnaire was developed in accordance with the conceptual framework introduced in Chapter 2 (Figure 2.6 in Chapter 2). The questionnaire incorporated 84 items and comprised five sections consisting of:

- Demographic data of employees

- Employee engagement
- Empowering leadership behaviour
- High-performance work practices
- Religiosity

This section of the thesis elaborates first on the instruments for the four major scales that were incorporated in this study, followed by the control variables, the issue of language, and the pre-test and pilot study.

#### **4.8.6 Measurement scales**

##### ***Employee engagement scales***

As indicated earlier, there are three significant elements of employee engagement: vigour, dedication and absorption. For this study, engagement was measured on the Utrecht Work Engagement Scale (UWES) developed by Schaufeli, Salanova, Gonzalez-Roma and Bakker (2002) and consisting of three subscales: vigour, dedication and absorption. Previous psychometric studies have verified that the job engagement scale has reasonable construct validity and that the construct is distinct from burnout (Schaufeli et al. 2002; Seppala et al. 2009) and job involvement (Hallberg & Schaufeli 2006). Other studies have established the (cross-national) validity, reliability and stability of the construct (Schaufeli & Bakker 2004). Vigour was assessed by six items (e.g., ‘At my work, I feel as if I am bursting with energy’). Dedication was measured by five items (e.g., ‘I find the work that I do to be full of meaning and purpose’). The assessment of absorption included six items (e.g., ‘When I am working, I forget everything else that is around me’). These items were rated on a 7-point Likert scale, ranging from (0) ‘Never’ to (7) ‘Always’.

##### ***Empowering leadership practices***

Leadership was measured by using the ELQ (Empowerment Leadership Questionnaire) developed by Arnold et al. (2000). The measure includes five scales: participative decision making, showing concern/interacting with the team, leading by example, informing and coaching. Participative decision making was assessed by five items (e.g., ‘Encourages work group members to express ideas or suggestions’). Showing concern used five items (e.g., ‘Shows concern for work group members’

well-being'). Leading by example used five items (e.g., 'Sets high standards for performance by his or her own behaviour'). Informing used five items (e.g., 'Explains company decisions'). Coaching used five items (e.g., 'Teaches work group members how to solve problems on their own'). Items were measured on a 7-point Likert scale from (0) 'Completely Disagree' to (7) 'Completely Agree'.

### ***HPWP scales***

In selecting which HR practices to include in an HPWP 'bundle', the approach adopted by most researchers has been to derive the practices from prior research (Becker & Huselid 1998). The present study does not depart from this strategy, although there is disagreement among researchers as to which practices should make up such systems (Becker & Gerhart 1996; Delery 1998). Because the lists of the practices that ought to be included in a HPWS bundle overlap to some extent (Ramsay et al. 2000), the approach used here is a normative one, only including HR practices commonly referred to in the literature. The study looked at various aspects of HPWP and adopted a common strategy that combined either single or multi-item measures of individual HR practices in a unitary measure representing HPWP (Delery & Shaw 2001). Consequently, several measures were used in the study. This study adopted items from Snell and Dean (1992) that measure comprehensive training, developmental performance appraisal, reward systems and selective staffing variables. Comprehensive training was assessed by six items (e.g., 'How extensive is the training process for members of your work unit?'). Developmental performance appraisal used four items (e.g., 'How much effort is given to measuring employee performance?'). Reward systems used three items (e.g., 'The wages in this work unit are not very competitive for this industry'). Selective staffing consisted of three items (e.g., 'How extensive is the employee selection process for a job in this unit?'). Items were measured on a 7-point Likert scale from (0) 'Completely Disagree' to (7) 'Completely Agree'.

The study also included items that measured employee job security policy and participation in employee participation programs (Macky & Boxall 2007). Employee job security policy was assessed by one item (i.e., 'My employer has a formal policy of avoiding compulsory redundancies.'). Participation in some form of employee



participation program used one item (i.e., ‘Employees here have the opportunity to be involved in the decision making on things that matter; for example, through quality circles, business process project teams, or total quality management.’). One question (‘Do you have access to a formal grievance procedure or complaint resolution system?’) was developed for formal grievance or complaint resolution systems.

### ***Religiosity scales***

This study adopted the Muslim Attitudes towards Religiosity Scale (MARS) developed by Wilde and Joseph (1997). The scales were later modified by Rusnah (2005) and expanded by Khairul (2010) to 21 items. Samples of the items are ‘Do you consider yourself religious?’, ‘I read the Quran for inspiration and motivation’, ‘Saying my prayers helps me a lot’ and ‘Islam helps me lead a better life’. One additional item was included ‘The fact that I am a Muslim is an important part of my identity’. Items were measured on a 7-point Likert scale from (0) ‘Completely Disagree’ to (7) ‘Completely Agree’.

### ***Control variables***

Certain variables may be associated with the variables under study and may distort the results of the research since one could be the underlying agent that is actually causing a change in the response variable (Kraemer 1987). One of the ways to deal with the problem while seeking to establish causal relationships is to control for suspected variables (i.e., control for confounding variables) (Sweet and Grace-Martin 2012). A confounding variable influences, at least to a certain degree, the pattern of the initial association of the studied variables (Rosenthal 1991). For example, it could affect the size or the presence or absence of that association. Thus, for this research, information on demographic background was collected and the effects of seven variables – gender, age, ethnicity, educational qualification, job position, tenure and annual income – were controlled.

### ***Language***

For this study, the questionnaires were provided in English as in the original scale. English is the second national language in Malaysia and is used in the education system. People who are generally educated, as in the sample of this study, were willing

to answer in English and understood the language clearly, as was indicated in the pilot study. Further, since there are no established and reliable questionnaires in the Malay language, using the established English language items is more appropriate and reliable. Harzing and Maznevski (2002) indicated that an accurate translation of a survey is fraught with problems, and perhaps is impossible. Thus, translating the questionnaire may cause problems in regard to the validity and reliability of the items.

### ***Pre-test***

A pre-test was conducted during the first week of January 2011 involving discussions with five employees from the financial sector and four fellow academics who were well versed in quantitative surveys in the Malaysian setting. The objective of the pretest was to assess the validity, the scales and the measures. The questions were distributed via e-mail. The academics and employees reviewed the questions and gave feedback on the content, language, readability and relevance of the questions. Participants were able to understand the items in the English language and claimed that there was no need to include the items in the Malay language. Participants were also asked to identify items which they thought had no significant relation to the variables and to suggest other items which they thought should be included. The participants made two distinct suggestions in regard to the HPWP items. First, the developmental performance appraisal item 'The performance targets in my work unit are mostly fixed' was deleted. Most respondents misunderstood this item and treated it as a positive-coded item. The item was intended to imply that if a performance target were fixed, there would not be much flexibility in deciding how far an employee could go in performing at work. Thus, this would be a hindrance to HPWP. However, most of the respondents did not understand the statement in this way and felt that the item referred to the way that performance targets were always discussed and fixed before a project was carried out. The second change was that the reward item 'The training process is formal and/or structured' was also deleted. This was a reverse-coded item which was intended to imply that if a training process is formal and structured, it would be a hindrance to HPWP. The respondents misunderstood the question and viewed it as a positive item, that the training process was organised and coordinated appropriately – which is quite different from the intended meaning. Thus, this item was also deleted. HPWP was left with 18 items.

### ***Pilot study***

A pilot study was conducted in mid-January 2011 involving 23 employees from the financial sector. In accordance with Churchill's (1979) recommendation, refinement of the scale requires the computing of reliability coefficients (Cronbach's alphas). The Cronbach's alpha for all questions under each criterion must be above 0.70, indicating that the questions deal with the same underlying construct (Spector 1992). The Cronbach's alphas were computed for each of the variables as well as the dimensions in the variables to ascertain the extent to which the items making up each dimension and the variables had a common aspect. The reliability analysis ranged from 0.690 to 0.893. The dimensions were retained as they presented adequate reliabilities (Nunnally & Berstein 1994). The final instrument consisted of 82 items (see Appendix G).

**Table 4.5: Reliability of scales for pilot study**

<b>Scales</b>	<b>Cronbach's Alpha (<math>\alpha</math>)</b>
Employee engagement	0.893
Empowering leadership behaviour	0.836
High performance work systems	0.690
Religiosity	0.870

### **4.8.7 Data analysis techniques**

Data analyses were undertaken in three principal stages: data screening, confirmatory factor analysis (CFA) using AMOS 18 and multiple regression using SPSS 18.0. As part of the data screening process, data were tested for violation of statistical assumptions. There are several assumptions that need to be taken into consideration when conducting these analyses, as recommended by Pallant (2011). First, the population from which the samples are taken should be normally distributed. The distributions of scores in this study were checked using histograms and were found to be normally distributed. Second, the samples were obtained from populations of equal variances. The variability of scores for each group should be similar. Levene's test for equality of variances shows whether the results are significant or not significant. A significance value of lower than 0.05 results in a significance outcome which suggests that variances for the groups are not equal and that the assumption of homogeneity of

variance has been violated. In terms of sample size, the power analysis as detailed in Chapter 4 required 123 cases for a medium effect size. The final sample for this study was 278 cases, which exceeded the required number. Another assumption that exists when conducting regression analysis is multicollinearity. Multicollinearity occurs when the independent variables are highly correlated (above  $r=0.9$ ). In this study, none of the independent variables has a high correlation ( $r<0.9$ ). Checking for extreme scores is an important part of the initial data screening process. Outliers are those with standardised residual values above about 3.3 or less than -3.3. In this study, no outliers were found in any of the variables.

### ***Confirmatory factor analysis (CFA)***

According to Russell (2002), researchers who have used Exploratory Factor Analysis (EFA) to analyse their data have obtained clear predictions regarding the factor structure of the measures. All the scales in this study were tested using EFA and had good psychometric properties. As a result, conducting a direct test of whether the proposed model fitted the data via CFA was more appropriate than conducting EFA (Russell 2002; Schmitt 2011). Consequently, items from established scales were used and CFA was conducted. CFA is used to test whether the existing and established measures used in the study are appropriate for the population in the study and work well in the new population (Harrington 2008). Before testing the hypothesised relationship between the variables, the convergent and discriminant validities of the scales measuring the variables need to be established. To establish convergent validity, each item must contribute to only one dimension. To establish discriminant validity, the dimensions underlying a construct should reflect distinct components and not be equivalent to each other, although naturally related to a certain degree. The convergent validity of the scales was established by performing CFA using AMOS 18.0. Model fit measures were obtained to assess how well the proposed model captured the covariance between all the items on the test. If the fit is poor, it may be due to some items measuring multiple factors. It might also be that some items within a factor are more related to each other than to other items. Thus, CFA was undertaken to specify which indicators had loadings on which factors. A more detailed discussion of the results of the CFA for each of the scales is presented in Chapter 6. The next phase utilised the correlation matrix for the variables assessed in this study. Discriminant

validity is established when the reliabilities of each scale are higher than the correlations among the different measures (Campbell & Fiske 1959; Podsakoff & Organ 1986).

### ***Multiple regression analysis***

The third statistical procedure involves multiple regression analysis to investigate the underlying components of the independent variables and how these factors impact on employee engagement. Multiple regression statistical technique is used to examine the relationship between one dependent variable and several independent variables (Pedhazur 1997). The strength of the relationship can be determined by the multiple correlation coefficient. This coefficient explains the variance in equation and identifies which independent variables make the most significant contributions. Thus, regression analysis helps to test the hypotheses. Specifically, simple regression was used in this study to test for the 'main effects'.

The existence of a moderating effect implies that the relationship between two variables, i.e., the independent and dependent variables, varies as a function of the value of a third variable labelled a moderator (Zedeck 1971; Stone 1988). A number of statistical procedures have been used to test for the presence of hypothesised moderating effects, one of these being moderated multiple regression (Cohen et al. 1983, 2003). The moderator hypotheses (Hypotheses 4 and 5) were tested by using moderated multiple regression (Aiken 1991). Moderated multiple regression was used to test for interactive effects of predictors on the dependent variable. The results of the regression analysis are presented in Chapter 6.

## **4.9 Ethical Considerations**

This research followed the *Ethics Guideline Procedures* outlined by RMIT University in the Ethics Review Process. Ethics approval was obtained before the data were collected (see Appendices E and H). The major ethical considerations for both phases were to protect the identity and confidentiality of the participants (including in the publication of any results) and to ensure that participation in the survey and interviews was completely voluntary and that participants could withdraw at any time or disregard any questions that they did not wish to answer. The incentives used were also

approved. Only people who gave their informed consent are included and, even if participants gave informed consent to participate, they could still withdraw from the project at any time without giving a reason. Other ethical considerations included providing participants with a debriefing sheet to explain the purposes of the survey and research project.

#### **4.10 Summary**

In this chapter, the research methodology has been thoroughly discussed. By demonstrating a clear understanding of the qualitative and quantitative research paradigms, the chapter has shown why the mixed method was preferred for this study. As with any mixed method research, the aim of the study was to determine whether the combination of two methods would yield converging or contradicting results (Johnson et al. 2007). The specific methods, techniques and instruments deployed were discussed with justifications of the choices made. The next chapter presents the results from the qualitative data, followed by the quantitative findings in Chapter 6.

## CHAPTER 5: STUDY 1 – THE INTERVIEWS: THE FOUNDATION OF EMPLOYEE ENGAGEMENT

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### 5.1 Introduction

The data for this research have been drawn from the financial sector in Malaysia. The objective of this chapter is to provide insights into employees' experiences at work and to understand the processes by which different levels of engagement emerge. Using 41 in-depth interviews with a sample of professional employees, this study was designed to explore the sources of employees' engagement. In particular, the study investigated the process through which leadership roles, HR practices and personal resources such as religiosity influence an employee's level of engagement. Individuals were asked to reflect on these three issues and the extent to which they felt they facilitated their level of engagement at work. The analysis of the interview data was designed to answer the following research questions, as mentioned in Chapter 1:

1. What form of empowering leadership plays a significant role in engaging employees at work and how does it occur?
2. Do high-performance work practices exist in Malaysian organisations? If so, how do they impact on the level of employee engagement?
3. What is the relative importance of religiosity as a personal resource in relation to the level of engagement at work in the Malaysian context?

The findings of the qualitative study are based on data obtained through semi-structured open-ended questions (see Appendix D for key questions). As detailed in Section 4.7.2, the interviews began with enquiries about the broad topic areas of leaders' behaviour, HR practices and personal resources. These concepts were tentative, but flexible enough to allow new research themes to emerge for theory-building purposes. The analysis process was aided by a software tool, NVivo 9 (QSR International 2011), which enabled a structured and comprehensive analysis. The data were analysed in an iterative manner, by going back and forth between the data and an emerging structure of themes and categories (Corbin & Strauss 2008; Miles & Huberman 1984; Gioia & Thomas 1996). To provide an overview of the analysis, the interviews are reported in Section 5.2, which describes various aspects of

employees' experiences. The themes derived from the interviews and the supporting statements made by employees provided complementary evidence from which the key themes were induced. Three major themes emerged from the interview data:

- The contribution of empowering leadership behaviour towards engagement
- Experiences of high-performance work practices
- Personal resources: religiosity as a driver for employee engagement

This chapter is divided into three sections. The analysis begins with the demographic data of the employees interviewed. The second section describes the key elements that emerged from the interviews. Data were analysed with an initial coding of categories and subcategories. These initial categories were used to analyse the data and develop a more detailed set of concepts that reflected the themes. The broad concepts were analysed individually. The three emerging major themes were examined along with the groups of concepts that shaped them. The presentation of each broad concept in this section encompasses a discussion of its importance with supporting quotes from the interviewees and an explanation of how the concept contributes to the major themes. The third section involves a discussion of the analysis of the themes and concepts, and their relationships with employee engagement, which provide the answers to the research questions.

## **5.2 Interviewees' Attributes**

The sample consisted of 41 interviewees (see Appendix F for interviewees' profiles). The sample distribution of the participating employees is presented in Table 5.1. Of the 41 interviewees, more than half were females (61%) while 16 were males (39%). Interviewees consisted of 93% Malay employees and 7% Chinese employees. As explained in Chapter 4, the number of Malay participants could well have been influenced by the ethnicity of the researcher, i.e., being a Malay, which may have played a role in getting responses from the same ethnicity. However, the large number of Malay respondents was advantageous as part of the study was to explore the concept of religiosity and how it was perceived by this group of employees. As Islam is the official religion of the country and Malay is the dominant Muslim population, the sample in this study was deemed appropriate to answer the research questions. Three Chinese employees were included in the study to serve as an indicator on whether their



views were different or similar in terms of engagement issues and to examine whether religiosity played a role in their engagement at work.

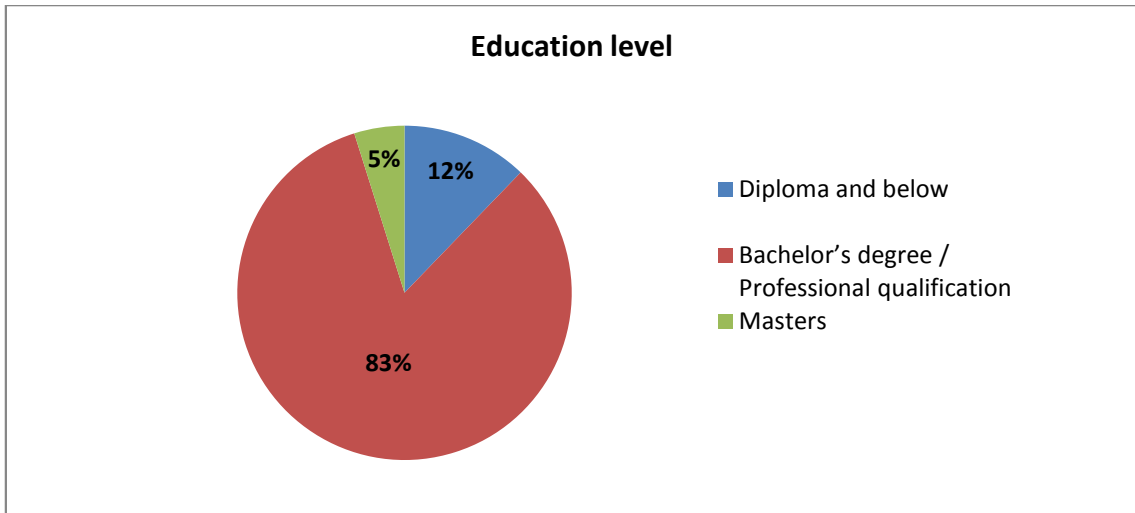
**Table 5.1: Interviewees' attributes**

	Categories	Number of employees	Percentage (%)
Gender	Male	16	39
	Female	25	61
Age	30 and under	13	32
	Between 31 and 40	20	49
	Between 41 and 50	8	19
Ethnicity	Malay	38	93
	Chinese	3	7
Job position	Executive	33	80
	Manager	7	17
	Director	1	3
Educational level	Diploma and below	5	12
	Bachelor's degree & professional qualification (ACCA, etc. )	34	83
	Master's degree	2	5
Tenure in the present organisation	5 years and under	16	39
	Between 6 and 10 years	9	22
	Between 11 and 15 years	9	22
	16 years and over	7	17
Type of organisation	Commercial banks	25	61
	Cooperative banks	10	24
	Insurance agencies	6	15

In Table 5.1, the interviewees are grouped into three age groups. The 'young' group consists of those up to the age of 30, comprising 32% of the sample. The majority are those from the 'middle' group, aged between 31 and 40, which amounts to 49% of the interviewees. The 'older' group comprises those aged between 41 to 50 and makes up 19% of the sample. In terms of job position, the vast majority are at the executive level (80%). Seventeen per cent of the employees have managerial positions while only one employee is a director. Respondents were asked to clarify their job specification to ensure that they were in middle management. References were cross checked with employees' job scopes. With the exception of one director, the rest (40 employees) classified themselves as part of the middle management team, which consisted of professional executives and managers.

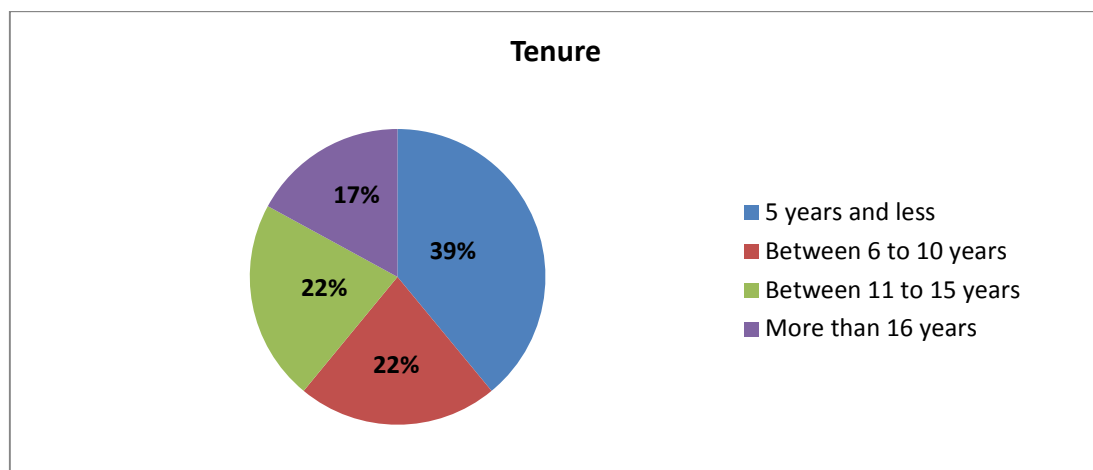
As Figure 5.1 shows, the majority of the interviewees (83%) have a degree and/or professional qualification (e.g., ACCA: Association of Chartered Certified Accountants). Five employees have a diploma or lesser qualification, and two employees have Masters' degrees. The distribution demonstrates that the sample in this study is generally well educated.

**Figure 5.1: Sample distribution by education level**



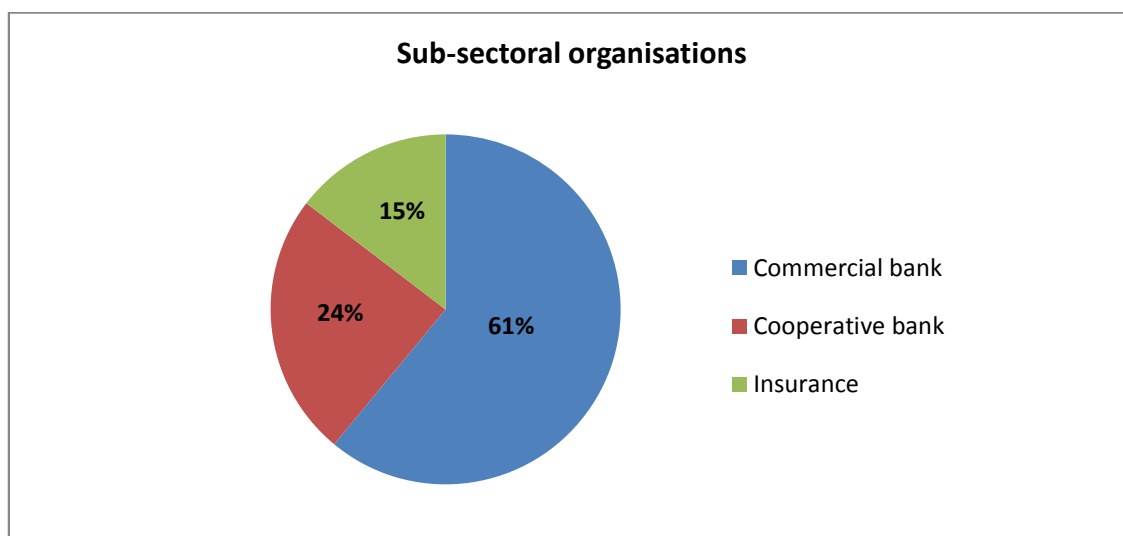
In terms of tenure with the present company, the majority of the employees (39%) have worked less than six years with the organisations (Figure 5.2). The same numbers of employees (22% in each group) have worked for the organisations between 6 and 10 years and between 11 and 15 years. About 17% of the employees have worked for more than 16 years in the same organisation.

**Figure 5.2: Sample distribution by tenure**



The majority of the employees interviewed (61%) were from the commercial banks (Figure 5.3). This is followed by 24% of employees from the cooperative banks and 15% of employees from the insurance organisation. These sub-sectoral organisations represent a good proportion of the financial sector in Malaysia (Table 3.1 in Chapter 3). Although there were three sub-sectoral organisations involved in the study, the results of the interview data across the three sub-sectors were not sufficiently different to justify a comparison.

**Figure 5.3: Sample distribution by sub-sector in the financial sector**



### **5.3 Results and Emergence of the Themes**

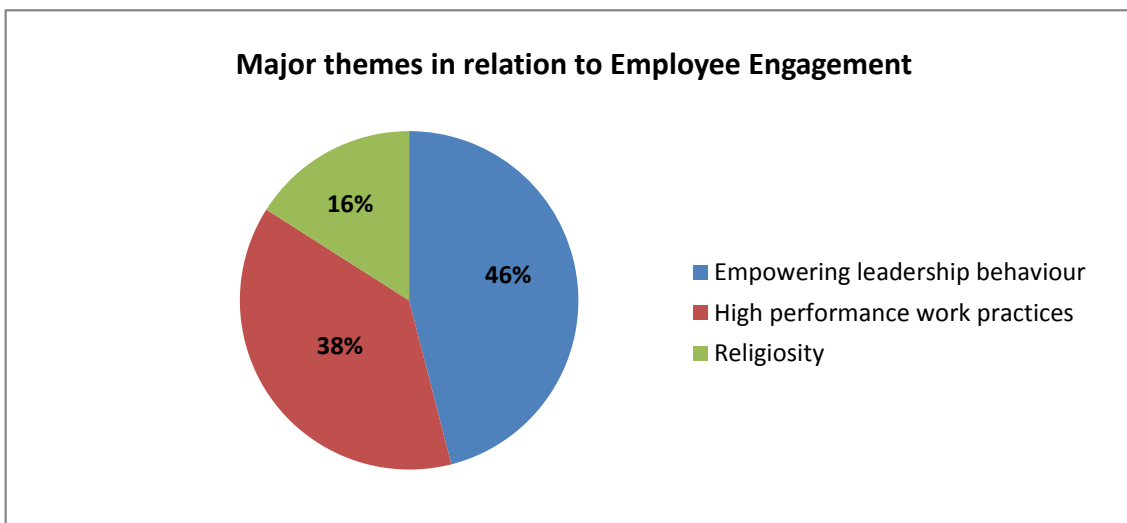
This section highlights interviewees' subjective experiences of work and is organised based on how the themes and concepts were developed. The themes and concepts are examined and discussed based on the strength of the relationship between the attributes coded in the themes and concepts. The researcher evaluated the strength of a relationship based on three aspects: (1) the number of sources (employees) who mentioned something about the concepts (that ultimately form the themes) (Table 5.2), (2) the number of references made to the concepts (how many times the attributes were mentioned), and (3) the quality of the discussion of the relationships. The weight and quality of these discussed concepts assist in answering the research questions.

**Table 5.2: Strength of discussion depending on the number of sources**

Sources (no. of employees)	Strength
30-41	Extremely strong
20-29	Strong
10-19	Moderate
1-9	Weak

This research examined the concepts that relate to the themes and demonstrated evidence of the relative importance of the themes from the strongest theme to the weakest theme. Three major themes emerged in relation to employee engagement. The majority of coded references<sup>1</sup> focused on the leadership theme, specifically empowering leadership behaviour (46%). This was followed by concepts related to high-performance work practices (38%) and religiosity as a personal resource in engagement (16%), as presented in Figure 5.4. It seems that leadership behaviour has the greatest effect on employee engagement.

**Figure 5.4: Major themes emerging in percentage of coded references**



The major themes comprise a group of related dimensions which may influence an employee’s level of engagement. The concepts within each theme outline the essence of the theme. The concepts are also interrelated. The themes and concepts are listed below and are discussed further in the next sections.

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<sup>1</sup> A coded reference is the number of contributions made by an employee during an interview about a concept of interest to the study.

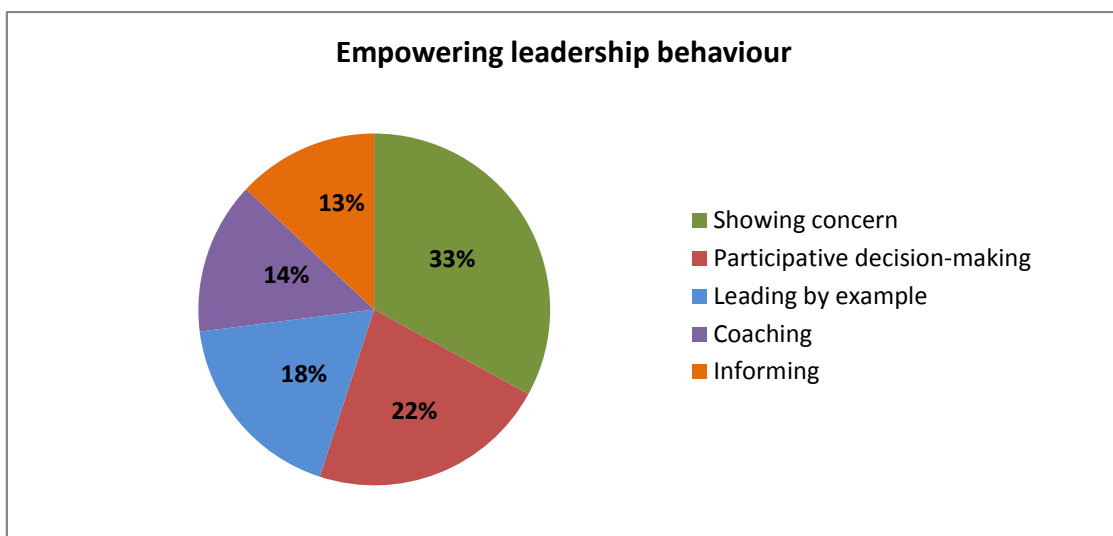
- Empowering leadership behaviour – five concepts
- High performance work practices – seven concepts
- Religiosity – six concepts

### 5.3.1 Empowering leadership behaviour

The following set of concepts describes the nature of leadership behaviour that is related to level of employee engagement. Five different set of concepts emerged (Figure 5.5). These concepts reflect the nature of today’s modern organisation. In most cases, the financial sector under study revealed that the work system in Malaysia promotes a somewhat flat organisation where an autonomous work system is being practised. It seems that empowering leadership behaviour is promoted by leaders and favoured by employees in Malaysia. The following set of concepts explains the significance of empowering leadership behaviour. The concepts that form part of this theme are:

- Showing concern
- Participative decision making
- Leading by example
- Coaching
- Informing and communicating

**Figure 5.5: Empowering leadership behaviour set of concepts in percentage of coded references**



### ***Showing concern***

This concept was discussed by all of the employees interviewed (41 participants) and generated 99 coded references. In essence, showing concern reflects leader behaviour that shows supports, treats employees with respect, empathises and values employees' inputs. A close relationship with the supervisor provides 'serenity' at work. Supervisors motivate employees because they treat them as friends or family, not solely as subordinates. Work is no longer seen as pressure but more as enjoyment. For these employees, one of the aspects of showing concern is equivalent to being a good listener. For example, an informant explained:

I handle complaints and there is no one else in charge of this task. So sometimes when I have question about my job, I can actually bring the question out beyond work hours. For example, during dinner at night. He is a very informal person, humble and relaxed. It is not routine stuff or too formal like we do not have to call him the boss, he is not like that. We can just talk to each other on a friend-to-friend basis. He does not treat us as employee but a friend. (#3, Male, 28, executive, cooperative bank, 5 years tenure)

Showing concern is being concerned about employees' personal issues. Eighteen employees (44%) expressed that work and family matters are equally important. Creating a culture that supports employees in both their work role and their family role is pertinent for employee well-being (Ode-Dusseau et al. 2013; Rothbard 2001). These employees sought a family-supportive environment at work, particularly from their supervisor, so as to be engaged in their job. Employees also expressed the belief that showing concern occurs when a leader treats subordinates as part of the family. This goes beyond the work role of the leader. As in the case of a collective society, the family is a major issue that needs to be taken care of for an employee to be mentally prepared and ready for work. It seems that by exhibiting care and interest in employees' family matters, a leader indirectly nurtures engagement among employees. Consequently, the dynamic role of the leader is not only to provide guidance at work, but also to provide emotional support and understanding of the importance of family to their employees. Thus, a leader's outlook on family issues plays a role in affecting employees' motivation at work. As an informant described:

He does show concern. We understand that work is work, and personal matters are other areas. But I know that some people do go to him to ask for advice about personal matters and he does give advice. He is quite fatherly or should I say 'motherly'. He is patient. He is very concerned. To me, he is a good leader because he knows how to deal or tackle anyone's problems or habits, according to subordinates' personality. (#31, Female, 40, executive, commercial, 13 years tenure)

The majority of the employees (97%) expressed that they value a leader's effort in showing that they care about the work employees do and empathise with them. Showing concern is to have a mutual understanding about work and the conditions at work. Leaders who take the time to understand employees' circumstances are appreciated. Considerate leaders show concern and respect for followers, look out for their welfare and express appreciation (Judge et al. 2004), for example, recognising that an employee is persistently willing to spend extra time at the office if necessary. Therefore, in times of need, a leader is expected to have some flexibility and not be too rigid about matters not relevant to work. Employees further elaborated that showing concern is knowing how to help and support subordinates and having a good bond; this shows teamwork effort. Employees do not commit to a leader who merely lives up to the obligations of their job. Employees, more often than not, want more than that. They want a leader who cares passionately about their job and the people they work with, and makes an exemplary effort to be a team member. A leader who shows team effort cultivates meaningful relationships with their subordinates and this helps to nurture employee engagement. As one informant revealed:

We have many portfolios, so we have head, legal, and division. However, I have one supervisor, so if there were anything I would report to my head first. If you asked me, he is a very nice person, he is Malay and he is open-minded. He is different from others. He is a team worker, so if we have a problem, we can just talk to him directly and he would guide us as a team to find a solution. So he won't let you go on your own. (#31, Female, 40, executive, commercial bank, 13 years tenure)

According to employees, performing well as an employee enhances a leader's concern for them. Interestingly, three informants admitted that they were only treated with consideration after they had performed excellently in the organisation. Immediate leaders seem to be highly concerned about top performers and pay less attention to those who do not perform well – a utilitarian approach to handling employees. Utilitarianism states that each behaviour is evaluated in terms of its potential to produce the greatest amount of good for the largest number of people (Rallapalli et al. 1998; Mill 2007 [1861]). This use of power to achieve an end often results in treating people as a means to an end rather than as ends-in-themselves. According to Foster (1989) and Greenwood (2002), treating people as a means to an end is to dehumanise them. In the case of this study, this approach may be relevant to those already performing well, but would not be likely to increase the motivation of others around them. For example, as one informant expressed:

To tell you the truth, my boss shows his concern once I have become a champion [perform excellently in this organisation]. Before that he could not care less. For example, since I have become an astounding performer, when my wife deliver her baby, the gift was ready at the hospital by our side. That is how fast he entertained us, and that is how important we are to him. Very effective huh? (laugh). That is how well they take care of their most prized possessions [employees] here. So it is much based on how well you perform in the company. Just imagine, not only do they entertain me, but they also entertain my family. My kids love lobster, so at times they would take us out to dinner so that my kids could eat lobster. All paid for. That's how much they take care of you if you are an important person [performing well] at the company. (#13, Male, 36, manager, insurance, 8 years tenure)

A leader who shows concern also acts to some degree as a representative of his or her group members. Having a voice in the organisation is extremely important to employees. This is because most of the organisations in the study do not have unions or other associations to represent employees. Employees, it seems, are without strong institutional structures or power. Thus, having a leader who is concerned provides an opportunity for the voices of employees to be heard by the top management.



Management needs to pay more attention to who carries workers' voices and interests in the firm's policy making.

Forty-one employees contributed to the concept of showing concern. Most employees discussed this concept in great depth (35 participants; 85%). Informants talked about showing concern in relation to family issues as well as work matters. A very small number talked only about work-related matters. Employees emphasised the importance of having a supervisor who is willing to let them go home on time instead of late at night so they can spend time with family, who is willing to talk to them outside office hours, and who talks to them about personal matters. Most supervisors seem to be understanding (empathising) in terms of employees' well-being, particularly when a problem is related to family members.

### ***Participative decision making***

This concept was discussed by 39 employees and generated 67 coded references. The culture of cooperative decision making and participative management is anticipated to create a harmonious environment within an organisation. When subordinates and supervisors work closely together in planning organisational projects, people work harder and more responsibly as a result of increased autonomy. This study provides evidence that flatter forms of organisational structure encourage employees to participate in decision making. In the past, employees could not voice their opinions because the structure was very hierarchical and bureaucratic. Employees as well as management realised that things could not remain as they were because the culture was changing. Some employees said that because of Generation Y coming in, the way things were done at work had to change as well. The people born between 1977 and 1994, which spans a period of 17 years (Paul 2001), are generally known as Generation Y. Generation Y want to be treated and managed differently from previous generations. They want to participate and contribute to the group. As such, leaders need to encourage this form of behaviour to instil engagement. As one informant claimed:

He does encourage me to make my own decisions, by empowering me.

And yes in a way it does encourage me to be more engaged in my job.

Being in the insurance industry, there is always new challenges you face

every day. You need to learn new things every day, and when there are new things I would often have to refer to him. So there is the boundary of whether I could make a decision on my own which he allows me to do or I need to refer to him due to something new. (#11, Female, 36, executive, insurance, 11 years tenure)

Employee involvement is considered part of a value-chain. When leaders welcome a participatory role, employees are keen to get involved and bring ideas to the team. Employees in these organisations believe that they do not work solo and any organisational decision would have a large impact on them as individuals. Most employees mentioned that they would often try to solve problems in an informal setting rather than bringing them up in a formal setting. Employees felt that they need to be continuously updated with organisation issues whether they work inside the office or outside. Twelve employees who contributed to this concept stressed the fact that they were not out there to get each other but to help each other. Thus, having a good working relationship with co-workers is a pertinent aspect of the job for every employee. Indirectly, having an opportunity to voice their opinions and to make their opinions matter at organisational level increase an employee's level of engagement at work. One informant noted:

So yes, we can propose ideas by participating. For example, I was discussing about bringing income and currently I may have 4 or 5 different product in mind to sell. And I saw the other big bank may have a product that can bring me a bigger income, additional income to me. So I can propose to the management to sell this product and if they are okay, we can do a paper on it, and if the group agrees on it, we can ask the branch to sell it. So instead of having only 7 products to sell, maybe now we have 8. So we do have the opportunity to voice out our opinion for the advancement of the company, it would not be a problem. (#16, Male, 45, manager, commercial bank, 21 years tenure)

Two employees emphasised that participative decision making is not about being right or wrong but having the opportunity to voice one's opinions. In a sense, by getting one's ideas out, one can learn from mistakes. Participative decision making may make

positive contributions to both employee and organisational performance. Participative decision making also requires employees to be proactive, and it involves empowering employees and trusting them. The concept of empowerment seems similar to but it is not identical with participative decision making. The former is about making your own decisions and having the power to do so and the latter is about having a voice as a member of a team. Both influence engagement. As one informant disclosed:

I like working so that makes me get up early and go to work. The first 10 years of my life in this bank, I love it because I had a great boss. He truly empowers me, let me participate and believes in me and usually agrees with what I have in mind. He does not really interfere with my decision making or ideas. (#40, Female, 40, manager, commercial bank, 12 years tenure)

Thirty-nine employees contributed to this concept. Participative decision making was prevalent as a positive construct among these employees (32 participants; 82%). However, the fact that some employees (8%) felt that they could not voice their opinions suggests that the culture of participative decision making is still in a preliminary stage in some organisations. There are opposing points of view about participation. On one hand, employees felt that their leaders do let them participate in decision making at departmental level. On the other hand, employees were not able to participate in HR decision making in regard to setting up their key performance indicators. This issue is examined further in Section 5.4.1.

### ***Leading by example***

This concept was discussed by 36 employees and generated 56 coded references. Empowering leaders are expected to demonstrate to their subordinates that they are actively taking part in realising organisational goals. Further, a leader who wants to set an example must have the experience and the knowledge to be a role model for employees. Evidence shows that a leader who has tremendous knowledge in the field brings to the role his or her experience with different stakeholders. This makes the leader more proficient in handling different type of stakeholders, a skill that employees need to learn. For example, a leader who is process-driven would always see several

steps ahead of their employees and lead their team towards organisational goals. As an employee mentioned:

Yes he does lead by example. Because most of the things that he preaches is actually through his experiences. Even though I have been here for quite a while, my boss has more experience in terms of leadership. *Insyah Allah* (God willing), I will be promoted next year, so I need to learn more from him to be a good leader. They think in terms of knowledge, it is most often transferred during everyday communication. You do not need to go to classes or learn from theory to learn about it. (#21, Male, 30, executive, insurance, 3 years tenure)

Thirty-two employees claimed that a leader should not only be a role model by showing positive characteristics, but should also ensure that they do the things that they have preached. A leader's 'hypocrisy' can lead to unfavourable subordinate reactions (Greenbaum et al. 2012). The informants expressed that a leader who could 'walk the talk' and treats subordinates with dignity and respect has a strong role in engaging them at work. This is because these leaders become a source of guidance and inspiration for employees to be more motivated at work. For example, one informant talked about their leader's caring characteristic as a source of inspiration:

I think if you talk about culture, this bank is known to be a very caring organisation. We were born as an entrepreneur-run organisation and so the *Tan Sri* (President) himself is very caring, give a lot to charity, although he does not shout about it. But eventually every knows and admire him for it. So he actually exercise this care and concern too, to a certain extent. (#30, Female, 42, manager, commercial bank, 15 years tenure)

According to these employees, most leaders are extremely hard working and willing to accommodate requests for meetings, even at weekends. Thirty-six employees contributed to this concept. The concept predominantly arose in the discussion of the positive aspects of leading by example (28 participants; 78%). There were only a few leaders who did not conform to the notion of leading by example. Eight employees (22%) claimed that these leaders directed and preached but did not practise what they preached.

## *Coaching*

In the 'hectic-ness' of the working world, empowering leaders are those who can still provide guidance and are willing 'to be there'. The essence of this concept is that coaching plays a dominant role in engaging employees at work. This concept was discussed by 27 employees and generated 44 coded references. Coaching also involves on-the-job training and a leader's availability in guiding employees at work. Supervisors act as mentors and share their knowledge and experience with subordinates. A good coach wants others to gain knowledge, communicate with others and be better at their job. According to these employees, coaching is an ability derived from experience, and learning experience varies in coaching. A leader who has good experience in the company is allowed to become a mentor to his subordinates. There is also evidence that leaders use different approaches in relation to coaching. Some use a soft-skills approach where continuous communication is adopted. Some use more of a hard approach as in provoking employees to ensure that employees are always alert and learn constantly. One informant described his experience:

He likes to provoke me because that is his way. He used to be an auditor, so he is used to giving interrogation, so the way that he wants me to learn is by provoking me. So for instance, there is an issue like fraud case, so he will try to see my depth of knowledge on it because he has the knowledge. But it's actually a way of helping me learn. So I always have argument with him but he always praises me at the end of the day (e.g., 'You can become management one day!'). He just provokes me to see if I know things well or not. (#19, Female, 42, executive, commercial bank, 13 years tenure)

Coaching motivates individual performance and develops the individual at work. In a sense, coaching helps prepare subordinates to assume more responsibility and take greater chances at work, a trait that employees need in an autonomous working environment. According to some employees, a good leader identifies individual talent. The support, guidance and feedback given by a leader improves employees' work. Ultimately, this affects the KPI for each individual. Having a mentor at work seems to increase an employee's dedication to their job role. As one employee noted:

For me, working in any department is of no importance to me, as long as I'm working with my current boss. I am willing to follow. I have been working here for 5 years, before this I work with different branch. So I have work with many different supervisors in the past, but my current supervisor is different. The rest is just the typical manager (e.g. gives order). But my current supervisor motivates me a lot and he is a committed person and when I work with him, I can see myself going far [in this career]. Because I know he can assist me in guiding me through my career without actually wanting anything in return. It is not because he is the boss that people should fear him, he does not instil fear. But he would truly go all the way to help us so that's why we are more dedicated to our job. (#3, Male, 28, executive, cooperative bank, 5 years tenure).

The importance of coaching must be brought to the attention of leaders to ensure that employees have the support they need in the organisation. Twenty-seven employees contributed to this concept. For the most part, coaching seems to have a significant positive role in engaging employees at work (25 participants; 93%). Coaching allows a leader to share information continuously with subordinates. As in the case with on-the-job training, a leader who coaches may nurture engagement.

### ***Communicating and Informing***

This concept was discussed by 26 employees and generated 40 coded references. The essence of this concept is that leaders should communicate and be willing to share information continuously. Misalignment between leader and employee perceptions of HR practices can occur due to lack of communication and transfer of knowledge (Den Hartog et al. 2012). As one informant described, communicating requires the leader to have experience and extensive knowledge:

She has been with the group for a long time, over 20 years. So she has grown with the group, she had the pain with the group, she knows and she 'drove' with the managing director and all that as peers. So the group grows from an investment bank, then the acquisition of the merger with the commercial bank. So she has been here, she has been part of it, so her knowledge base is tremendous. So as a leader she brings her knowledge of

the different stakeholders, how to approach different things with different stakeholders, and so she brings back to the table, so it makes our work easier in a sense. And because she is HR practitioner you don't have to hard tell anything, nothing is new to her. It is always a question of how do we get it executed as effectively as possible, the shortest time possible. She is very open, and her door is always open and when it is open, it is really open, it's not that you can't walk in (laugh). It's absolutely easy to communicate with her. (#30, Female, 42, manager, commercial bank, 15 years tenure)

Communication allows for transparency and a clear direction from top management. As Kernan and Hanges (2002) implied, when managers are able to provide employees with accurate and useful information about tasks and the organisation, this eventually aids employees' sense making and reduces uncertainty. On the other hand, 22 employees claimed that when communication is not taken seriously, it may cause misunderstanding, which leads to a bigger problem at work. Other channels need to be used to resolve misunderstanding. A leader who does not communicate well impacts on an employee's level of engagement and thus performance. For example, one informant mentioned:

Yes, there are people who do not like him because he is not as open. If top management say something, he will keep it quiet; he will not share with us. But other department head always share with their subordinates. Our supervisor does not share about what's going on. When we are doing some urgent project, we don't get updates, so it's hard. If it is departmental issue, yes he shares information. But if it's from outside, like top management, he does not share, he thinks it will not affect us. So sometimes it demotivates us because we found out later from other department. (#18, Female, 27, executive, commercial bank, 3.5 years tenure)

Twenty-six employees contributed to this concept. It seems that high quality communication assists employees in understanding their tasks and what is expected of them. Further, it helps employees to understand the reasons behind organisational decisions and actions, and this indirectly motivates employees to achieve

organisational goals and be a part of the organisation. Overall, out of the 26 employees who contributed to this concept, most spoke positively about their leader's communication at their workplace (19 participants; 73%). Information communicated by leaders helps employees to achieve assigned goals and this represents one job resource that facilitates engagement among employees. Additionally, communication from the leader plays a significant role in transferring leadership skills.

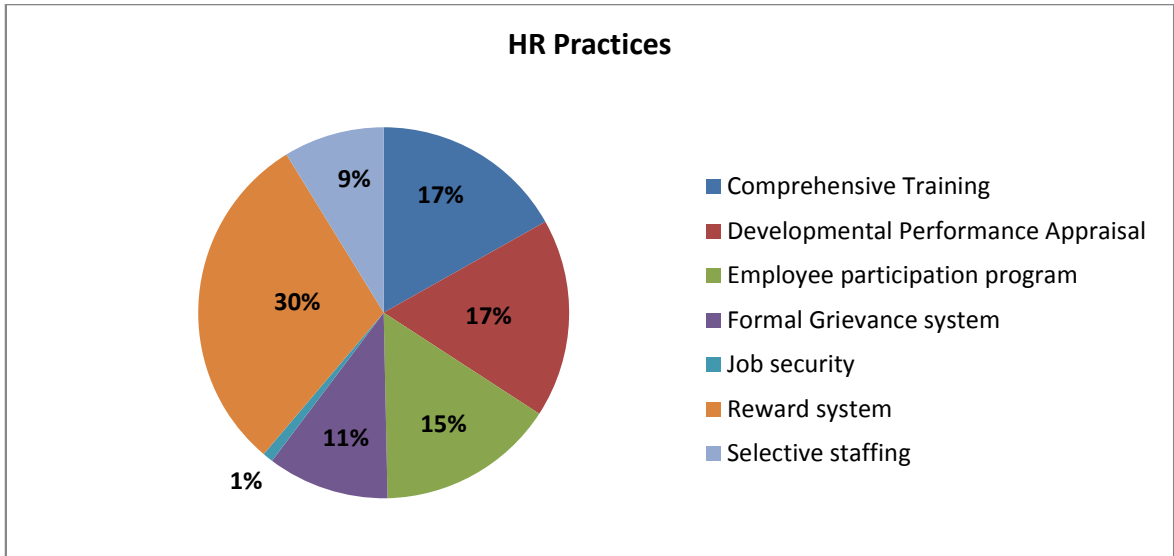
### **5.3.2 High-performance work practices**

From the interview data, seven HRM concepts emerged. This theme seems similar to the 'high-road' approach to HR practices in the Western setting. As Macky and Boxall (2007) asserted, the notion of HPWP should involve a coherent, integrated 'bundle', which is a system of complementarities whose effect is greater than the sum of its parts (Godard 2004). These seven 'bundles' of practices are represented by different levels of discussion in regard to the HR practices in an organisation and allow for different levels of engagement among employees. In this research, the second research question asked whether HPWP exists in the Malaysian context. In general, the data demonstrates that HPWP does exist in these organisations. The concepts that form part of this theme, in order of importance (Figure 5.6), are:

- Reward system
- Training
- Developmental performance appraisal
- Employee participation program (Employee involvement)
- Formal grievance system
- Selection and recruitment
- Job security



**Figure 5.6: HR practices set of concepts in percentage of coded references**



### ***Reward systems***

This concept was discussed by 41 employees and generated 130 coded references. Reward is given not just for individual effort but for effective teamwork. Group rewards seem to be an important performance management system in these organisations. Thus, there is a risk-sharing system among employees and their leader in contributing to organisational goals. One of the most imperative things for any performance management system is to establish a link between individual effort and consequences (Denisi & Pritchard 2006). From the interviews, most informants acknowledged that rewards are directly tied to individual performance. Differences in rewards represent differences in employees' contributions. Further, employees with higher responsibility and accountability may be rewarded more highly.

Yes, you can get 0 bonus or 0 increment if you are ranking jobs compared to your peers. You can absolutely get 0 increment, this is already been practised and if you are consecutively in the rank of 1, and 1 being low, you do get put in the performance improvement program. So you are highly scrutinised for a period of 3 to 6 months and if you don't shift up we shipped you out. If you are put in the program you will be scrutinised by the supervisor, they will help you out in your weak area because we want to see at the end of 3 or 6 months, that there is an improvement in your performance. Now this has nothing to do with disciplinary case and all

that. It just shows that you are weak in your performance for whatever reason it is. So more coaching, more development for you and hopefully they will get off that program quickly. If he or she does not improve, then we need to cancel that person out. So this has been done. (#30, Female, 42, manager, commercial bank, 15 years tenure)

Unfairness in reward systems for employees still exists. Favouritism and network connections can play large roles in career success. Like the concept of *Guanxi* in China, the social network is important for making connections in organisations. A meta-analysis by Luo and colleagues (2012) of the concept of *Guanxi* found that social connections have an impact on economic as well as operational performance. The social network has been identified as a powerful tool in helping organisations maintain competitive advantage and superior performance if it is used in a positive way. Nonetheless, the data from these interviews show that the use of social connections has a negative impact on engagement. Thirty-nine employees claimed that this form of social connection reduces their level of motivation and engagement. Social connection, in this case, is used for getting a promotion, bigger bonuses and other benefits from the organisation. As one informant revealed:

That's what I said previously, they know that I do the job, but they can't see it. Some are listed in the KPI, so by right they should assess on before and after the job. But at the end of the day it is still based on favouritism. Because the one that makes the final decision is the top level management. So people who are very close to the top level... you know... [will be rewarded higher]. Every year they mentioned we will get a stretched [increment in our reward] but for my bonus, I don't get a yearly stretched [increment]. So it's like that. (#19, Female, 42, executive, commercial bank, 13 years tenure)

In many financial organisations, the system follows a bell-shaped curve in rewarding employees. This system was viewed negatively by all 41 participants in the study. It seems that the bell-shaped curve does not indicate justice for individual performers. The system is seen as discriminatory because even when everyone receives the same KPI points because they performed equally, some employees will be rewarded and

others will be at the bottom of the reward curve. The system works on the expectation that every year there must be a few employees at the bottom of the curve. Although individuals have questioned this process, nothing has been done about it. Eventually, employees realised that some people would get unlucky every year. Even if the whole team performed well, some staff would receive either a low reward or no reward at all during the particular year. This is regarded as a significant problem in the KPI system of these organisations.

Further, although many scholars (e.g., Peltokorpi 2011; Hemmert 2008) have noted that traditional seniority-based rewards have largely been replaced by performance-based rewards, some of the organisations in this study still use the traditional reward system. In a recent study by Tan and colleagues (2012) on HR practices in Malaysia, reward based on seniority was a significant means of discouraging employees from moving to rival companies. As 'job hopping' is rampant in Malaysia, this could be one of the reasons that seniority-based reward is still being exercised in some of the organisations in this research. For example, an employee explained:

In this industry, the pay is not much. But of course the longer you stay the more you get, you just need to climb. Like myself it has been 17 years for me to get to this level. But for managers, it's different. Their salary is very high due to tenure. But a new manager would not have that high of a salary. So they do still depend on seniority system. (#9, Female, 37, executive, commercial bank, 17 years tenure)

Eight informants claimed there was a lack of clarity in the reward system and raised the issue of transparency. According to these employees, it is the obligation of the leader as well as the HR department to explain the reasons for the decisions made. As Premchand (2001) explained, transparency is not an end in itself, but an efficient and comprehensive system that reflects a well-regulated framework for making and executing policies which contribute to the responsibility of accountability. When a reward system is not transparent, employees question its value and fairness. An arbitrary or unreliable reward system causes a form of 'compensatory damage' that may have a huge detrimental impact on employee engagement. As an informant complained:

Another thing, when we do our KPI [between me and my immediate boss], our top management will always have a right to override the KPI points. They have the power to increase or reduce our total KPI points. We don't have the opportunity to correct that points because it will never be shown to us. So we don't know. The top management does not even know some of us, they don't even know what we do daily, and yet they manage to change people's KPI points. By right they should just follow the immediate supervisor's recommendation on the KPI points. But the top management have to follow the bell-shaped curve system and when they want to rank us within the department or job level, they just change accordingly so that they can come up with a bell-shaped curved. The thing is they don't even know us! That is unfair and I have seen this for the 12 years that I have been here. The KPI is not transparent at all because the top management can always manipulate. (#40, Female, 40, manager, commercial bank, 12 years tenure)

The inconsistency of some HR practices also contributes to the way employees perceived the HRM within their company. Lack of communication between the HR team and individual employees causes employees to be dissatisfied. This dissatisfaction affects their level of engagement at work.

I think the HR system here is out of order. You see I don't know how they manage their employees. Sometimes we would get an email titled 'Recalled'. You know what I mean? Like they have mentioned about bonuses but suddenly they recall it! And they would re-do it again, do a different bonuses, and at times some of us don't even get. At times, it's an administrative mistakes, like sending the wrong file, so it's the wrong sum. It's in black and white already but they can recall it. For example, they can send us a letter about increment for a certain date. But near the date, they can actually send another letter saying that the budget has run out and we have to wait for another round. (#31, Female, 40, executive, commercial bank, 13 years tenure)

Forty-one employees contributed to this concept. Employees viewed the reward systems at their organisations positively as well as negatively. Generally, employees claimed that pay and remuneration were based on performance and that pay differences among members of a work unit did represent the differences in their contribution to organisational performance. However, in many organisations, employees were truly unhappy with the reward system. This was the case when the reward system was based on 'favouritism' and when there was a lack of transparency. This situation creates unfairness and inefficiency in an organisational system.

### ***Comprehensive training***

This concept was discussed by 41 employees and generated 73 coded references. Training is the process of developing skills and knowledge in employees that will enable them to be more productive and thus contribute to organisational goal attainment (Bramley 2003). Training is seen by informants as a means to transfer knowledge and as part of learning. The informants in this study said that training is a form of investment for the future and helps them to be more engaged at work. As an informant observed:

The HR practices do help me in being more engaged at work. For instance, the training that we receive improves or brush up my communication skills. So the performance is based on our own motivation and our effort. It is up to the individual to perform. We are responsible for our own performance. (#24, Female, 42, executive, commercial bank, 15 years tenure)

In these organisations, different forms of training are available. The training can be conducted internally by the HR department or by external organisations. For example, the Central Bank of Malaysia provides numerous training courses in Islamic banking and financial issues. Some organisations go to the extent of providing online training through their e-portal. In addition, organisations arrange formal internal training (classroom training), online training, training by external consultants and spiritual forms of training. The most striking finding was that the spiritual training (religious training) was preferred by these employees.

Training varies from technical as well as practical things such as attending workshops. We also have an Islamic group, where an '*Ustaz/Ustazah*' [Islamic teacher] would come over and give speeches. So this is another form of training because it motivates you and helps you spiritually, so this helps us at work. (#31, Female, 40, executive, commercial bank, 13 years tenure)

Training is clearly stated as part of the KPI. A certain number of hours of training is required in order for an employee to be taken into consideration for promotion. Most employees have a preference for on-the-job training instead of formal training. These employees felt they could learn more in this form of training without wasting time attending formal training. On-the-job training is the most effective for employees in these organisations (stated by more than half of the informants). However, when only a small percentage of training is considered as part of the KPI, training is then viewed as a burden because it takes time away from actual duties at work. Employees then felt as if they were forced to attend training, without their consent. Another form of 'burden' presented by the employees is in terms of the kind of training provided. The training provided must match the needs of employees. As an employee commented:

Okay honestly, all the training that I have attended, I don't really learn anything. I do think that training is needed but it must match what we need. Sometimes the training last about one day. It should be compulsory but somehow people do not take it as a serious matter. If our boss tell us to go, then we go. Sometimes it's about a course related to a project that we have, then we would go. (#18, Female, 27, executive, commercial bank, 3.5 years tenure)

In many of these organisations, training is always available but it is up to the employees' own initiatives to attend. Support from immediate leaders is crucial. There were a few cases where leaders were not supportive of their employees attending training in view of the fact that it would affect the employees' daily routine. In this case, leaders did not see training as an investment. For instance, one informant revealed:

I was a trainer at the bank's training centre in Bangi for 4 years. There's training in KPI. We have to attend training every year it's compulsory. But

if your boss do not want to send you, there's no point as well. When you submit the training form, the boss don't approve. So it's difficult. So your KPI will be affected. The boss do not let us go because he would say so who's going to do the job? But this is part of our KPI, it's such a problem. (#40, Female, 40, manager, commercial bank, 12 years tenure)

The extant literature on training views training as a form of HR practice that develops employees (Delaney & Huselid 1996; Tannebaum & Yukl 1992). Interestingly, this study found that training is treated as a break from the office. At times it is viewed as a 'short break' from office life and influences the way employees are engaged at work after completing the training (11 informants expressed this view). Indeed, a diary study by Xanthopolou, Bakker, Demerouti and Schaufeli (2009) discovered that job and personal resources may fluctuate from day to day and such fluctuations determine how engaged employees are in their daily tasks. It would seem that training acts as a form of job resource and promotes employees' engagement at work but in a different form from that suggested in existing literature. One informant expressed:

I view it as a 'break from work' for me. You know my work is quite stressful, so attending training helps to take my mind off work for a while. So it helps me with recovery from work and allows me to go back to work feeling energised. (#26, Female, 45, executive commercial bank, 20 years tenure)

There seems to be a huge gap between departments within an organisation. Although these departments hold the same objective and mission, employees in different departments barely see each other or discuss anything together. For the most part, top management conducts a meeting and discusses issues within the company and will later communicate about the issues to their departments. The lack of interdepartmental meetings may cause communication gaps and misunderstanding between departments. Several employees (12 informants) voiced their concerns about this lack. Employees want to get to know people from other departments, what they do, how they contribute to the organisation, and what role they play in the significance of organisational performance. Training should be seen as an institution which could strengthen the relationships between members of different departments. In this way, training could

play a pertinent role in enhancing employee engagement at work. Relationships between organisational members, it seems, create a positive environment and thus increase employee's engagement at work. As one informant conveyed:

We also have our own team building session. During last March/April, we have all the head office staffs, about a hundred over staffs, we went to Port Dickson, sleep over there and do some activity to increase our motivation. Further, we want to enhance the relationship among ourselves because we work with different departments, so I am so busy with my own department, I could not even make effort to see other people in other departments. So during this teambuilding, we do blend together to make our relationship closer. It is a good practice. If not we would just know each other face to face, but not well enough because we don't have time to see each other. The best part is that when we do team building, we can see that the part on teamwork does improved, the relationship improved. (#16, Male, 45, manager, commercial bank, 21 years tenure)

Forty-one employees contributed to this concept. The concept predominantly focused on the positive aspect of training as an investment (33 participants; 80%). Generally, organisations invest highly in training but employees seem to prefer on-the-job training. Islamic training, surprisingly, is the most influential in engaging employees at work.

### ***Employee participation program***

This concept was discussed by 39 employees and generated 22 coded references. Employees were given projects and the employers expected employees to participate in the plans and decisions made about a particular project. In essence, employees were also empowered to make their own decisions. The level of participation in decision making determined how much access or influence organisation members had on decisions. Employee involvement in decisions can indeed produce an engaged workforce (Bakker & Demerouti 2007). A popular form practised in the organisations in this study is consultative participation, which refers to a situation where employees engage in long-term, formal, direct participation concerning organisational plans. For example, one informant described:



Yes. We have our target given by our head sector. So in order to meet the target, early in the financial year we will discuss what our action plan is, what our spec is and what we want to do in order to get this kind of a target. We will do this ...well, all the financial year starts in July, so for the next financial year we are starting our action plan now for first quarter, second quarter, etc. on what we want to do already. So when it comes to the time, we just implement our plans. But along the way, if we think, say in July, we have a good idea and we discuss with our boss, we propose to our committee and if everyone is okay with it, we can implement it. (#16, Male, 45, manager, commercial bank, 21 years tenure)

### ***Developmental performance appraisal***

This concept was discussed by 37 employees and generated 75 coded references. According to Levy and Williams (2004), performance appraisal is a central human resource activity in organisations because of its critical importance in enhancing both employee and organisational performance. In the organisations studied, great emphasis was placed on finding avenues for employees' personal development. The organisations invested in employees' personal development to further their career, using avenues such as offering scholarships to staff. The study also found that, generally, salary raises and promotions were closely tied to performance appraisal. However, employees were concerned about the unrealistic performance targets set by the top management and the HR department. This showed that the development of KPI was largely centralised. Unrealistic targets cause employees to be dissatisfied at work and influence their level of engagement. In addition, the study found that, in many cases, performance appraisal was being applied to all areas using the same criteria and goals. The same objective and KPI were used for employees who held similar positions, without regard to whether they were located in urban or rural areas. Employees in a rural area expressed their concern as it is harder for them to capture a market than it is for city employees; this affects their financial performance at the end of the year. This, to them, is unfair and unrealistic. For example, one informant claimed:

Depends. All the branch, even if you are in the rural areas, it depends ...sometimes we have 'crazy' KPI. If we work in the city, sometimes we

can achieve more than the target set for us, but if we work in rural areas, we can't get as much. But the target is the same, so it's not fair. But generally the benefit here is quite all right. (#4, Female, 33, executive, commercial bank, 3.5 years tenure)

Peretz and Fried (2012) indicated that organisations in a collectivist society are likely to avoid individual performance appraisal because of their potentially adverse effect on group, unit, and organisational solidarity and morale. This study found that both individual and teamwork effort affect performance. In essence, although team-based assessments are still used, there is increasing evidence that individual-based assessments are gaining popularity. Many factors can affect an employee's KPI assessment in addition to individual responsibility at work. For example, an employee could also carry a small percentage of the team leader's KPI. One notable issue raised by employees (40 informants) was the issue of manipulation by top management. Top management seems to have absolute power in the final KPI results, which employees consider unfair. Although the employees felt that the KPI does provide some justice in the HR system, the practices of top management, on the other hand, present otherwise. As one informant expressed:

But if you asked me, if you compare those that truly perform and those that does not perform, we can see much differences in terms of their rewards. So the KPI does work, but because of human factor (higher level management giving points even though they do not know us), it got to be a little unfair for most of us. (#37, Female, 33, executive, commercial bank, 7 years tenure)

The core of this concept is that organisations devote a lot of time and money to develop employees' knowledge, skills and motivation. Thirty-seven employees contributed to this concept, which was discussed positively and negatively by the employees. The methods used for evaluating employees' personal development were deemed biased. There was inconsistency between the leaders' promises (evaluation of the KPI) and HR applications because top management had the final say in KPI evaluations and the power to change them.

### ***Formal grievance system***

This concept was discussed by 37 employees and generated 46 coded references. In most organisations, there were no trade unions or other representative bodies and employees resorted to their leader as a mouthpiece in getting to be heard.

For my level, we don't have a union. For clerk, the lower level, they do have a union. But there's none for us. But we have just started to form the union. But it is still in process. They have told us, and they want to see how many are interested in this. So yes, it's only recently. But in terms of grievances, we just voice out our grievances to the head of the department, so we try to settle it informally. There are also formal ones that involves letter from the HR department. Maybe about salary, etc. But it depends on your head [leader]. If they fight for us, then good, but if your head is the quiet type, that it ends there. So it depends how far our head would go and fight for us. It's hard. (#31, Female, 40, executive, commercial bank, 13 years tenure)

At the executive level, a national union does not exist. Thus, each organisation relies on its in-house union or association, if any. Even when a house union is available, employees are often unaware of it as they are not informed and educated about it. One reason is probably the lack of support by the top management. Top management prefers problems to be solved at the departmental level and 'being heard' is not encouraged. 'Saving face' is more important in Malaysian society. As one informant revealed:

Yes there is an avenue and people do use it. We have 'town call session'. Our head sector will brief our sector's performance, our current position, challenges and from there he will call on all staffs. So any grievances can be voice out during this time. But in terms of individual, we can ask to see him personally but from my experience, as a Malaysian, in our culture, if we do have something going on, we hardly talk about it and we try to solve it at our own level. If we do have grievances, mostly it's not communicated... The avenue is there, but most of us are afraid to use it, due to our cultural habit. For clerical level, we do have NUBE [National Union Bank of Employees] associations. So if they want to request for

anything, they can request from here. But for officer/executive level above, we don't really have a union. (#16, Male, 45, manager, commercial bank, 21 years service)

Thirty-seven employees contributed to this concept and all of them had negative views in regard to the formal grievance system in their organisation. It seems obvious that trade unions are not well established for professional workers in the financial sector. The ones that exist mostly protect workers in the public sector and those in lower level management. Some employees feel that there is no one to protect them. They rely largely on informal mechanisms to solve problems at work, that is, by having a discussion with their leader. Most of these organisations do provide a forum so that employees can voice their opinions in regard to work-related issues. Nevertheless, just as with an in-house union, these forums lack the participation of employees. For the most part, employees are afraid to express their opinions for fear of reprisal.

### ***Selective staffing***

Staff selection is carried out using many methods, one of which is the case study method, which ensures that a candidate is experienced enough to solve the problem presented. People who apply for a job are assumed to 'want' the job due to interest. However it should be noted that potential employees could randomly apply for a job for other reasons – to earn a living, to try something new, etc. This concept was discussed by 36 employees and generated 38 coded references. The employees' view was that the selection process was quite rigorous in ensuring that the candidate who was employed would have the right job fit. Selecting the 'right' person ensures a fit between the person and the job. The recruitment process is formal in that it differs according to the employee's grade and position. Employees also said that finding a highly engaged employee is important. Therefore, being selective means being rigorously cautious in selecting candidates. As an informant discussed:

In the interview, if you see the person do not have any passion, do not even think about hiring them. When they come in front of you and they just say, 'It doesn't matter, you just give me anything, I'll just do'. So you need to hire people with the right attitude and passion. Skills can be learned and you must have confidence. And yes, there is a formal recruitment in place,

there is the policy and process. Depending on the seniority of the position, it could be 2 or 3 interviews. But we try to do so it's not so much a challenge for the candidate. And it's also the first time for us to be with the candidate and we want to project the right image. So we don't keep them waiting, you don't have a panel of 10 people! At the most we would have about 2 or 3 panel. And usually it is usually the rightful department themselves doing the interview with a representative from HR department. (#30, Female, 42, manager, commercial bank, 15 years tenure)

In Malaysian society, social connections at times take precedence over individual ability and skills. Selection can be based on 'who you know'. Four employees claimed that they were employed because they knew their current boss. Interviews are carried out informally at times, outside the office and office hours. As one informant revealed:

Usually only one interview is conducted here before they offer you the job. But the different thing that I have to note for this organisation is that the offering here is based on internal offers. So it's more on who you know and the recommendation from other people in the other organisation, not so much of hiring new graduates. (#4, Female, 33, executive, cooperative bank, 3.5 years tenure)

Thirty-six employees contributed to this concept. The employees predominantly discussed the concept positively (35 employees; 97%). The selection process is rigorous in ensuring a person-job fit and in ensuring that candidates will be highly engaged employees.

### ***Job security***

This concept was discussed by only three employees and generated four coded references. It seems that job security is not an important matter for these professional employees. There is a reasonably fluid market in Malaysia and employee turnover has been found to be very high due to the tight labour market (Chew & Tan 1999; Smith 1983). Job mobility is seen as something positive in the financial sector and employees 'job hop' to find a better career. Employers, on the other hand, tend to poach employees from other organisations to avoid training cost. These two factors cause job

security to be seen as an insignificant issue. This can be clearly seen among the majority of the informants. A few stay in the same organisation due to the ‘comfort zone’. As one informant explained:

No, it’s just a job. What is there for me here? The benefit maybe just getting a housing loan for 3%, which I can only get for once. Not much benefit. It’s more of a comfort zone for me, that’s why I stay. It’s been a long time since I work here and I’m in my comfort zone, so I really do not want to go out and start over because to me, everywhere is the same. And since I’m here for a long time, my annual leave has increased so that’s a benefit to me. If I go to other places, I won’t get as much annual leave.  
(#35, Male, 45, executive, commercial bank, 28 years tenure)

The professional employees were quite comfortable with their income and did not worry about being unemployed. A plausible reason for the lack of worry is that most professional employees are considered to be ‘mobile’. They do not mind changing jobs since it is one of the gateways to a higher salary and a better position. Table 5.3 summarises the findings from this section.

**Table 5.3: Nature of HR practices in the financial sector**

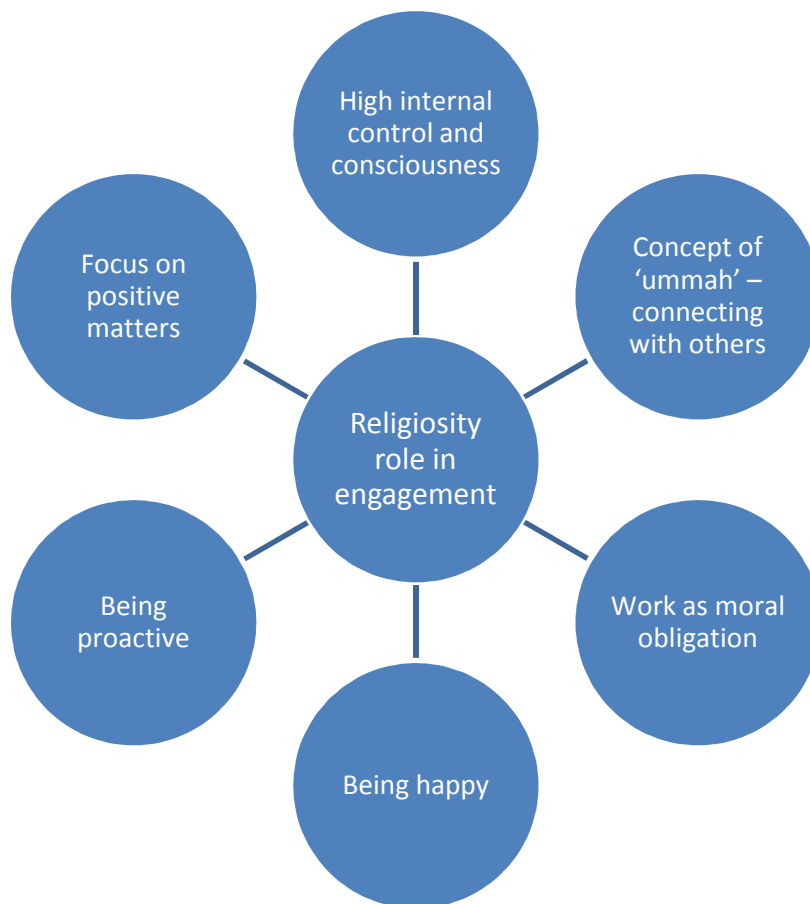
<b>The Nature of HR Practices</b>	
Forms of training	<ul style="list-style-type: none"> <li>• Mixture of technical skills, soft skills, leadership skills as well as religious understanding</li> <li>• Religious form of training seems to have a greater effect on employee engagement</li> </ul>
Job hopping	<ul style="list-style-type: none"> <li>• Job hopping will get an employee a promotion faster than staying in the same organisation</li> <li>• Tendency to ‘poaching’</li> </ul>
Reward system	<ul style="list-style-type: none"> <li>• Convergence towards Western-style HR practices such as pay-for-performance</li> <li>• Risk sharing between employers and employees where employees are rewarded based on a team effort</li> <li>• Intangible form of reward – recognition is highly important</li> </ul>
Appraisal	<ul style="list-style-type: none"> <li>• The need for transparency</li> <li>• Lack of management consultation on performance measures and the evaluation of employees</li> </ul>
Formal grievance	<ul style="list-style-type: none"> <li>• In-house unions among professional workers are not well established</li> <li>• Employees are afraid to speak up or complain for fear of reprisal</li> </ul>
Job security	<ul style="list-style-type: none"> <li>• Vast majority of the employees are not worried about staying in their job, which reflects earlier findings concerning the culture of job hopping</li> </ul>

Source: Compiled from interview data

### 5.3.3 Personal resource: religiosity

In Malaysia, employees' behaviour is also found to be governed by the religious beliefs that they hold – at least, for the Malay Muslims who were interviewed. Religiosity seems to be evident in the moral reasoning and the management of behaviour of these employees. Six sub-themes were found important (Figure 5.7). In a study by Mitroff and Denton (1999) on religiosity and spirituality in the workplace, it was found that those who believe in the higher power of God feel more empowered while at work. In essence, employees who view religion as integral to their identity tend to have a holistic view of life, that is, their faith is related to everything they do in life, including at the workplace.

**Figure 5.7: Role of religiosity in employee engagement**



Source: Compiled from interview data

This concept was discussed by 23 employees and generated 43 coded references. These employees explained that being religious helps them to focus on positive matters

and to be better equipped to cope with challenges at work. Eleven employees further claimed that being religious assists them in maintaining high internal control and consciousness. This form of control eventually aids them to be more engaged and less stressed at work. The more religious these individuals think they are, the more they emphasise the social justice aspect of work and, to them, working is a virtue. Religiosity, it seems, brings happiness to these individuals. Thus, these employees seem happy at work and try to be proactive in decision making. Fundamentally, work is seen as a moral obligation to God that must be fulfilled to earn a place in this life and the hereafter. According to Brewer (2001), the highest nature of work obtains when individuals work because of God and express their true selves at work rather than working to earn fame or money. As one informant described:

Another thing that makes me engaged at work is my *ibadah* [moral obligation to God]. If we are talking about pay, I'm at the maximum pay already, unless if I got promoted to a new level. But that doesn't slow me down because to me I come to work, to be engaged in my job and to be engaged with people (pause)... to make a difference, I try to do that for myself as well as for other people. It's more of *ibadah*. (#34, Female, 40, executive, commercial bank, 17 years tenure)

According to nine employees, the notion of work should include the concept of *ummah*, that is, connecting with others. In Islamic religiosity, *ummah* represents the worldwide community of Muslim believers. *Ummah*, as mentioned in the *Quran*, refers to people and specifically to Muslim people with a common ideology and culture. (Denny 1975; Hassan 2006). Khatab (2004) argued that the term *ummah* has been the driving force of Muslims' political, social, economic, intellectual and moral lives. Islamic values put much emphasis on building good relationships with other people. Thus, working with colleagues provides satisfaction as it increases the sense of *ummah*.

In nine out of the ten organisations studied, religious forms of training (how to pray accurately, building spiritual habits, etc.) are treated as an investment, and some organisations begin work with a morning prayer ritual. In the Malaysian setting, unlike



the Western setting, religious forms of training, even if not related to issues at work, are seen as significant form of motivation. As two informants revealed:

She will brief us for a week on that particular issue. We have morning briefing, my branch has been practising this for 17 years. First we will start with a prayer, then we have to update everyone on the circular, e-mails, new product because we have new product often. And if things that do not run smoothly, our leader will brief us for the whole week. (#5, Female, 38, executive, commercial bank, 17 years tenure)

For me, the training helps a lot. Because when we attend, there are many things we learn. And from being stress at work, the training does motivate us. But it depends on the type of training as well. I have gone for two types of training program. The first one is the induction. The second one is on religious praying program. And when I attend this religious program, I felt the effect after the training. Like when we do not know in great detail about certain thing, particularly in this case, on Islamic prayer, and when I learn, I truly feel spiritually refreshed [to go back to work]. The training here is not necessarily about improving your technical skills, but also in terms of motivation, team building, etc. (#4, Female, 33, executive, cooperative bank, 3.5 years tenure)

Consistent with some studies (Yousef 2001; Branine & Pollard 2010; Rokhman 2010), this study found that Islamic religiosity has consequences for management practices, work-related values and employee behaviour. The Islamic work ethic emphasises working hard as enhancing personal growth, self-respect and satisfaction. This study provides evidence that religiosity provides a context in which some employees, particularly those with rewarding jobs, come to think of their job in spiritual terms, not just in secular terms. As reviewed in Chapter 2, life without work has no meaning and engagement in economic activity is considered an obligation to God. The *Quran* puts great emphasis on discouraging laziness, which explains, at least partially, why religious employees are generally engaged in their activities at work.

In contrast, the non-Muslims interviewed (three Chinese employees) gave no indication that religiosity may play a large role in their job. Nevertheless, deeply rooted within the Chinese culture is the belief in Confucianism (Cooke 2009), which explains why their outlook on HR practices and leadership behaviour is somewhat similar to that of the Malays. The Malaysian culture is deeply embedded in expected employee behaviour, such as saving face, respect for others, a sense of group orientation and humility. These norms are also values that prevail in Confucianism, most of which are in line with the Islamic values. Although the Chinese employees did not relate their religiosity to work, the culture that derives from their beliefs is obviously embedded in their mindset.

### 5.3.4 Who is engaged?

The tables below illustrate which groups of employees are in general most engaged. The coded references represent whether employees seem to be happy and engaged at work and talk about positive things, or otherwise. In general, the employees interviewed in this study are engaged (231 coded references) as opposed to disengaged (125 coded references). The individual categories, however, need to be treated with caution as the number for each group differs.

It can be seen that in terms of gender, females seemed to have a lot to say on both engagement and disengagement while the men spoke little about disengagement at work (Table 5.4).

**Table 5.4: Sample distribution of employee engagement based on gender**

Gender	Number of sources		Coded references	
	Engagement	Disengagement	Engagement	Disengagement
Male	16	11	81	22
Female	25	22	150	103
<b>Total</b>	<b>41</b>	<b>33</b>	<b>231</b>	<b>125</b>

In terms of age, the younger generation (aged 30 and under) and the older generation employees (between 41 and 50) were generally more engaged at work than those between 31 and 40 (Table 5.5). Although those between 31 and 40 expressed their engagement at work, many also spoke of their dissatisfaction over issues arising at work such as nepotism and unfairness in the reward system, which, among other issues, contributed to lower their engagement level or cause disengagement at work.

**Table 5.5: Sample distribution of employee engagement based on age**

Age	Number of sources		Coded references	
	Engagement	Disengagement	Engagement	Disengagement
30 and under	13	10	68	24
Between 31 and 40	20	17	111	86
Between 41 and 50	8	6	52	15
<b>Total</b>	<b>41</b>	<b>33</b>	<b>231</b>	<b>125</b>

In terms of educational level, there was no significant differences between the groups in regard to their level of engagement (Table 5.6). Those educated with a diploma and below seemed to be highly engaged at work. Similarly, interviewees with bachelor's degrees, professional qualifications and master's degrees seemed to be engaged as well.

**Table 5.6: Sample distribution of employee engagement based on education level**

Educational level	Number of sources		Coded references	
	Engagement	Disengagement	Engagement	Disengagement
Diploma and below	5	3	30	8
Bachelor's degree & professional qualification	34	28	193	114
Master's degree	2	2	8	3
<b>Total</b>	<b>41</b>	<b>33</b>	<b>231</b>	<b>125</b>

In terms of tenure, Table 5.7 demonstrates that those who had worked in the organisation for less than five years were more engaged than the other groups. Those who had worked for less than five years were more enthusiastic in meeting new challenges at the new workplace, highly dedicated in receiving new job duties and felt that they should put in more effort in order to be highly rewarded by the organisation. Those who had worked in the organisation for more than 16 years were more engaged than those who had worked for between 6 and 15 years. Those interviewees mentioned

that the reason for their high engagement was that the organisation had been a part of them and made them feel like family. Those who had worked between 6 and 10 years and between 11 and 15 years had mixed views on their level of engagement. Although most expressed their engagement at work, many also discussed low engagement and disengagement due to many issues arising at work.

**Table 5.7: Sample distribution of employee engagement based on tenure**

Tenure	Number of sources		Coded references	
	Engagement	Disengagement	Engagement	Disengagement
5 years and less	16	12	81	27
Between 6 and 10 years	9	7	50	37
Between 11 and 15 years	9	9	56	48
More than 16 years	7	5	44	13
<b>Total</b>	<b>41</b>	<b>33</b>	<b>231</b>	<b>125</b>

In terms of sub-sectors, there were no significant differences in the levels of engagement among employees in different sub-sectors (Table 5.8).

**Table 5.8: Sample distribution of employee engagement based on sub-sectors**

Sub-sector	Number of sources		Coded references	
	Engagement	Disengagement	Engagement	Disengagement
Commercial banks	25	21	143	106
Cooperative banks	10	7	52	11
Insurance agencies	6	5	36	8
<b>Total</b>	<b>41</b>	<b>33</b>	<b>231</b>	<b>125</b>

Two features of the demographic data, ethnicity and job position, are not discussed as there was an insufficient number of employees from each group to make a distinction. The description of the main themes and the use of the coding process enabled the analysis to move from the raw data consisting of vague ideas towards the comprehensive analysis presented in the next section.

## 5.4 Discussions

### 5.4.1 Why are employees engaged?

The following sections discuss the overview of the thematic categories and the relationships that resulted from the coding process. It appears that the availability of

personal resources increases work engagement. However, two other distinct concepts – empowering leadership behaviour and high-performance work practices – are even more important.

### ***Empowering leadership behaviour***

The results of this study indicate that being concerned and showing it, encouraging participative decision making and leading by example are the most highly endorsed forms of leadership behaviour in relation to employee engagement (Table 5.9). In comparison, coaching and providing information received relatively modest endorsements by the employees.

**Table 5.9: Ranking of empowering leadership behaviour in relation to engagement**

<b>Ranking</b>	<b>Empowering leadership behaviour</b>	<b>Number of sources</b>	<b>Percentage in terms of sources (%)<sup>1</sup></b>	<b>Percentage in terms of coded references (%)<sup>2</sup></b>
1	Showing concern	41	100	33
2	Participative decision making	39	95	22
3	Leading by example	36	88	18
4	Coaching	27	66	14
5	Informing	26	63	13

<sup>1</sup>Percentage of employees who contributed to the discussion about the concept

<sup>2</sup>Percentage of contributions made during the interview by employees about a concept of interest to the study

The national culture of Malaysia, like that of many developing countries, has been characterised by high collectivism. Collectivism emphasises the interdependence of individuals. This is reflected in the behaviour of employees in the Malaysian financial sector. Showing concern was found to be the most important aspect of empowering leadership behaviour compared to other conduct. This is because employees perceive that life is built around a community or group, and the way in which the leader relates to the group is very important. Employees want to be encouraged and recognised by their leader. Leaders who stay in touch with the work group, listen and show concern for employees' well-being are deemed to be influential. This finding corroborates the findings of previous work in paternalistic cultures in the Middle-East (Aycan et al. 2001; Öner 2012) and Asia (Cooke 2009; Zhu et al. 2012). As Ho and Chiu (1994)

suggested, in a collectivistic culture where there is high conformity, interdependence and more responsibility-taking for others, paternalism is viewed positively. Johanson's (2008) review of the evolution of the leadership literature showed that the positive traits of a leader are inclined to be those usually labelled feminine. This behaviour includes showing concern for subordinates' feelings, participation, satisfaction and friendship. Such is the case in the Malaysian culture.

In contrast, in an individualistic culture, compliance and conformity with the leader are not perceived as done voluntarily; paternalism has always been equated with authoritarianism in Western literature (Aycan 2006). In a Western study by Arnold et al. (2000) on empowering leadership, showing concern was confined to displaying concern only about work-related matters. The findings in this study demonstrate that showing concern consists of two important dimensions: (1) being concerned about work-related matters and (2) being concerned about personal and family-related matters. In the Malaysian work setting, family values prevail, as the obligation to the family is recognised as the primary responsibility (Sloane-White 2008). Thus, employees have a preference for leaders who empathise. For example, a leader who recognises that family time is important is much respected and appreciated. It might seem that female employees would have a stronger opinion on this matter in respect to their role and obligation towards the family in comparison to male employees. However, the results of this study provide evidence that male informants view this issue just as strongly as female informants (41 coded references for males and 58 coded references for females – a similar outlook considering the sample distribution described in Section 5.2).

Consequently, as in social exchange theory, the more employees feel that their leader cares for them, the more they feel they need to contribute to the team and thus the higher will be their level of engagement. A study on the interplay between work and home found that employees who take positive experiences from home to work and *vice versa* exhibit higher levels of engagement (Montgomery et al. 2003). Family and home-related matters play a large role in contributing to how employees feel at work. The possible causes of employee engagement, it seems, do not lie only in the work situation, and this study reinforces this view. Thus, leaders showing concern for the

well-being of employees and being compassionate seem to be necessary to engage employees at work. In line with institutional theory, leaders who show concern increase the legitimacy of their leadership and consequently have greater influence on employees' motivation in their job. In the absence of concern, employees' ignorance or fear of a leader can dominate the employees' emotions and inhibit their performance.

The findings also illustrate the importance of participative decision making in engaging employees at work. As Pearce and Sims (2002) found, the change to a new environment calls for a shared approach to leading, that is, each team member shares responsibility for managing the actions and functions of the team, instead of expecting the leader to dominate and assume all responsibility. The current study demonstrates that the younger generation, known as Generation Y, have different expectations of leadership behaviour. They want to be treated and managed differently from previous generations, and being able to participate in daily responsibilities and decisions is important to them. This finding contradicts some studies in Asian management which have claimed that high-involvement work practices may not function as well in Asia as they do in countries with low power distance (Stark & Bainbridge 1985, for example). Findings from this study provide evidence that when leaders encourage employees' participation in decision making, employees feel more appreciated and ultimately more engaged in their job. This is consistent with a study on Malaysian employees by Ismail et al. (2010), who found that being able to participate increases employees' motivation at work. Employees feel that their contribution matters. Employees in this study claimed that this occurs when a leader asks subordinates for suggestions, considers subordinates' input and modifies project proposals in the light of subordinates' suggestions.

Nevertheless, seven employees (17%) claimed that even though the leader welcomed such participation, it was only on the surface. Employees' suggestions and ideas were not taken seriously and employees felt that participation was just a form of manipulation by the leader to show that employees had been given an opportunity to speak. These employees further claimed that being able to participate was not about being right or wrong but having an opportunity to voice their opinion. It is from mistakes that employees eventually learn. The results also indicated that employees feel that they would be more engaged if they had a good leader who set an exemplary

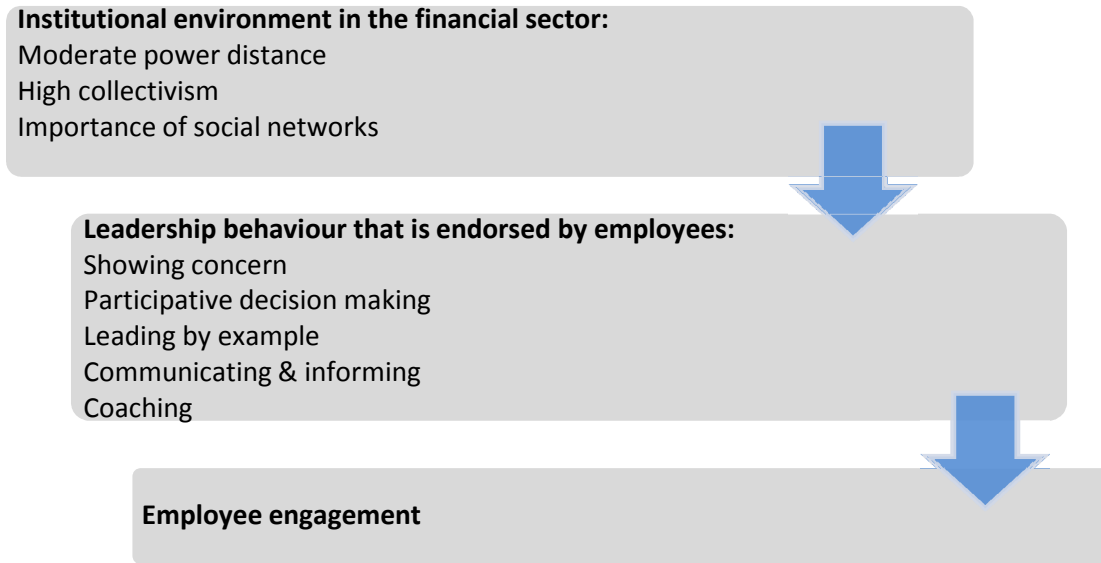
role for them. Employees also feel that in order for a leader to ‘walk the talk’, they need to have knowledge and experience. A leader with extensive experience is often well respected and projects a picture of an exemplary leader.

The supportive role of a leader has been studied for decades (Fleishman 1953) and there is a substantial body of research to show that providing support increases employees’ satisfaction with leader-member relations (Cooper 2012). Professional employees in this study seemed most comfortable when coaching was practised by their leaders; this had a profound effect on their level of engagement. Coaching was seen as a form of on-the-job training where supervisors act as mentors and share their knowledge and experience with employees. Employees in these organisations were generally coached to work more effectively at their tasks. Some organisations had techniques where a leader gave daily routine advice. Every morning, employees were given a few minutes to one hour to talk about their plans and the previous day’s problems, to present challenges and discuss future improvement. This ‘performance counselling’ is seen as an effective tool for engaging employees with their work. Access to support involves receiving feedback and guidance from superiors. This form of empowering ensures that employees have access to information and support, and have opportunities to learn and grow in their career.

Although not as important as other forms of empowering leadership behaviour, informing and communicating are still a pertinent part of increasing employee engagement. There is evidence that when a leader communicates goals, plans and problems within the organisation, it creates a form of transparency which provides employees with a clear direction from top management. Employees further reported that information is often available through regular meetings and brainstorming sessions. Figure 5.8 summarises this section and identifies the individual factors that influence engagement.



**Figure 5.8: Individual factors influencing employee engagement**



Source: Compiled from interview data

***High-Performance Work Practices***

The results indicate that a reward system and comprehensive training are highly endorsed by employees as increasing their level of engagement (Table 5.10). Employee participation, an appraisal process, a formal grievance system and careful selection of staff are also important. However, job security does not play a major role in engaging these employees.

**Table 5.10: Ranking of HPWP in relations to engagement**

Ranking	HPWP	Number of sources	Percentage in terms of sources (%) <sup>1</sup>	Percentage in terms of coded references (%) <sup>2</sup>
1	Reward system	41	100	30
2	Comprehensive training	41	100	17
3	Employee participation program	39	95	15
4	Development & appraisal	37	90	17
5	Formal grievance system	37	90	11
6	Selective staffing	36	88	9
7	Job security	3	7	1

<sup>1</sup>Percentage of employees that contributed to the discussion about the concept

<sup>2</sup>Percentage of contribution made during the interview by employees about a concept of interest to the study

Thirty-seven employees (90%) mentioned that their organisations embraced a focused approach to high performance, taking cultural norms into consideration. Employees claimed that their organisations adopted high-performance practices based on work organisation, with the emphasis on skills and work motivation. Supporting evidence for this is the adoption of high-performance practices in the vision and mission of an organisation to ensure that all organisational plans are in line with the concept of being a high-performing entity.

As far as the micro-institutional structure is concerned, organisations in the financial sector in Malaysia have recently undergone significant changes (Aziz 2007). At the departmental level, much decision making is being decentralised, employee involvement has taken a more important role and employees' skills are upgraded from time to time. This shows that high-performance work practices do exist. Interviewees claimed that employee involvement is welcomed to the extent that some programs are being initiated to encourage employees to participate. An example is having regular weekly meetings and calling them 'performance contribution and counselling' sessions to ensure employees can contribute to project decision making.

While the role of employees in teams (i.e., departments) supports a high-performance system, the HR practices of the institutions in the study were in conflict with this. The HR function was still centralised. Policies were formulated at headquarters and passed down to each branch for uniformity of organisational goals. In essence, professional employees still needed to use formal channels because they could not approach the HR department directly. In this system, top management was trusted to be the 'acting' voice of employees. However, at times, due to conflict and differences of opinions, messages did not get through. HR policies and practices were made in isolation, only involving top management, and the opinions of employees were not sought. In certain cases mentioned in the interviews, surveys were conducted by the HR department in regard to employee motivation and complaints, but this feedback from employees was not implemented. These organisations suffered from poor communication and a gap between the promises of an immediate supervisor and the implementation of HR practices. In addition, employees displayed their dissatisfaction over the inconsistency of HR practices and the lack of transparency in the system. Many employees (65%)

expressed discontent with the existing norms. The nature of HPWP in these organisations is further discussed below.

### ***Comprehensive training program***

Research in HRM has shown that social institutions (such as education) influence organisational strategies and practices, with the result that organisational structures and processes reflect typical national patterns (Khilji 2003; Hofstede 1991). Based upon this premise, many influences of culture on the work-related values of employees in Malaysia are evident. The nature of the training system in Malaysia is a mixture of technical skills, soft skills and leadership skills, as well as religious understanding. Among these, religious forms of training seem to have the greatest effect on employee engagement. Thirteen employees (32%) claimed that a spiritual form of training motivates them to go further. The spiritual forms of training include Islamic motivational training where organisations invite an *Ustaz* or *Ustazah* (the teacher in Islamic teachings) to give a motivating talk. Another form of training mentioned by the employees involves understanding the practices of Islam such as the proper way to conduct a prayer and the ways in which to be a good Muslim at the office. AlTalib (1991) reasoned that Islamic training and development is all encompassing, beginning from the moral and spiritual development of a person and manifesting eventually in physical development. Islam considers work to be a pertinent element in a person's life. It not only encourages individuals to work but also motivates individuals to seek excellence in what they do.

In relation to job security, only three employees mentioned that job security is important. It can be assumed that the majority of the employees were not worried about staying in their job. A feature of the financial sector in Malaysia is that job changing will get an employee a promotion faster than staying in the same organisation. When general educational skills are transferable between employers, there is the tendency for 'poaching' to occur. When skills are not firm-specific, some employers may choose not to train their employees. The organisations that invest heavily in training create a pool of skilled employees which those which do not provide training can poach. Therefore, some of the organisations in the financial sector avoid training costs and become free-riders who 'steal' employees from other

organisations. These phenomena were acknowledged by all the employees in the study. In fact, frequent job changing, although discouraged, is somewhat accepted in the industry. This result accords with the view of Katri et al. (2006) and Zheng and Lamond (2010) that job hopping has become so rampant in Asian countries that it has, in fact, become a culture. Malaysia has introduced a levy-grant system for training purposes as a consequence of the high level of poaching and job hopping among employees in the sector. This is one of the government's initiatives to deal with this voluntary turnover.

### ***Reward systems***

In terms of a reward system, there has been some convergence towards the Western-style HRM where performance-related reward is practised. This study found that pay level and individual effort are important elements of a reward system. There is also evidence of risk sharing between employers and employees where employees are rewarded based on team effort. Thus, if an employee does not work in a team and contribute their share, they will not be rewarded. The salary scheme puts a high emphasis on individual ability to perform in order to stimulate employee engagement. However, it is premature to conclude that a seniority-based wage system has been eliminated entirely. In a few organisations, the situation still persists. Other forms of rewards, such as contingent reward, are valued highly by these employees. More than half of the employees considered that appreciation from the leader plays a large part in their engagement level. Employees want to be recognised. Showing appreciation for subordinates' good performance and providing recognition and compliments are just some of the ways of doing this.

Thirty-one employees (76%) criticised the way evaluation was done. These employees indicated that their organisation follows a bell-shaped orientation when giving rewards to each department. Problems occur when everyone felt that they had performed well but only a few succeeded in getting a big bonus because of the constraint of the bell-shaped curve. Worse still, individuals who received the same KPI points can be put at the lower threshold and receive no bonus. As a consequence, employees felt that they were not fairly rewarded. This form of injustice may lower the engagement level of employees.

### ***Developmental appraisal: the need for transparency***

A 'modern' organisation expects employees to show initiative, collaborate in teams and take responsibility for their own personal development. Employee development is not solely a concern for management; it should also be a concern for each employee. The older generation of employees favour life-long stability and upward mobility. This perspective, however, is no longer apparent among the younger generation of employees. Most employees discussed working on a project rather than doing a job. Different projects require different skills to some extent and thus employees need to continuously develop their knowledge, skills and competency. Indirectly, these employees are also increasing their 'employability' as they increase their personal development. This form of increasing personal development is very much encouraged in HPWP. By being engaged and productive, individuals open more opportunities while building a dynamic and rewarding career.

Two of the issues most apparent in appraisal are the lack of management consultation on performance measures and the evaluation of employees. First, employees' KPIs are mostly developed by the HR department in consultation with top management. Although evaluation measures are presented to employees at the beginning of each year, this is only to inform them of individual and team goals. Employees are not involved in setting the KPIs. Secondly, the evaluation of employees is not transparent. Bonuses are given before the results of performance rating are released to employees and employees cannot do anything to change evaluations.

### ***Formal grievance: a diminished voice***

Trade unions and other representative bodies are not well established among professional workers. The majority of professional employees are not protected under any associations. The National Union of Bank Employees of Malaysia (NUBE), established under the Trade Union Act 1959, only protects those lower than executive level. The Malaysian Trade Union Congress, which NUBE is a member of, protects those executives that have registered with them. However, none of the employees interviewed had registered with them. These employees, however, did express interest in having a union or another representative body to represent them. The main objectives would be to advance their interests and to resolve problems at middle

management level. There has been a tendency to set up new associations or in-house unions within organisations. The outlook is, however, poor. At the time of the interviews, one organisation was in the process of establishing an in-house union for middle management. A joining fee of RM30 was charged. The hope is to resolve issues as a group and be heard by the top management. Similarly, in the US, unions in the banking industry, unlike other industries, are almost non-existent (Branine & Pollard 2010). The level of unionisation in the banking sector is notably low; union membership was estimated to be 1.5% in 2005 (Cohen et al. 2003). The absence of unions has ensured that managers face no formally organised opposition.

In this study, there is evidence that non-unionised employees are eager to participate in workplace initiatives such as employee associations and joint committees and even unions. These employees claimed that the problem is not that union activities among them are severely restricted; they have not been constrained in forming a union. But employees fear that action would be taken by the management if they were to be too 'loud'. Employees are afraid to speak out or complaint for fear of reprisal. It seems that employees in the financial sector in Malaysia seldom organise to engage in conflict with management. Should there be conflict between an employee and his or her manager, the employee can seek a solution from a higher level of management.

As mentioned in Chapter 3, the introduction of the Look East policy in the mid-1980s changed the orientation of Malaysia's economy by emulating aspects of the Japanese and South Korean economic achievements. Malaysia's Look East policy was selective in adopting features of the Japanese style of work. Its main emphasis was on the cost-free promotion of 'proper' work ethics, quality control circles and in-house unions (Wad & Jomo 2013). The government encouraged the growth of in-house unions (also called enterprise unionism) in the hope that it would produce leaders attentive to organisational and employee needs. Employees in this study expressed their disappointment in how their leaders handle grievances. Although leaders show concern for employees' well-being, these leaders do not seem to play a role in representing employees. In most cases, leaders leave decisions about wages, bonuses and the development of KPI to the HR department.

Having an in-house union could benefit both employer and employee where the union could negotiate with management and be involved in the organisation (Wad & Jomo 2013). Ultimately, this would result in rising productivity and higher profits. The 37 employees who contributed to this concept revealed that an in-house union or other representative body would be important as an institutional actor to influence the HR system towards greater commitment and involvement. Having a representative body helps employees to gain higher wages and better working conditions, and establishes policies and procedures for grievance handling and many other work-related issues. From employees' discussions, it seems that having a voice may very well increase their level of loyalty and engagement at work. Regrettably, in-house unions for professional employees in the Malaysian financial sector have yet to be established. As Wad and Jomo (2013) emphasised, employees in Malaysia have to struggle hard and long to establish their own autonomous organisations.

In sum, the interview data highlighted several factors that encourage the adoption of high-performance work practices in the financial sector in Malaysia. The issues of performance-based remuneration systems, employee education and consultation, training and upgrading worker skills, and team effort were often discussed by the employees. However, the exploration of HPWP in the financial sector organisations has provided evidence that many of the barriers to the adoption of HPWP lie within the organisations themselves. The employees' responses highlighted several factors that undermine the success of HPWP, such as the unfairness of the reward system and the lack of transparency.

### ***Religiosity as a personal resource***

In predominantly Muslim countries such as Malaysia, Islam, through national culture, influences organisational behaviour. From the interview data, it can be concluded that Islamic religiosity plays a moderating role in its influence on organisational plans and actions. This research provides evidence that the Islamisation of institutions, i.e., facilitating Islamic practices in society, extends to these organisations in the financial sector. This can be seen by the allocation of a long lunch break for Friday prayers, the provision of prayer rooms and shorter office hours during *Ramadhan* (fasting month of the Muslims). This is not the case in other countries where Islam is the dominant

religion. For example, Pakistan, although a predominantly Muslim country where 95% are Muslims (Central Intelligence Agency 2011), seems to be only concerned with the outer shell of Islam and not the core (Ahmad 1996). The opposite is the case for Malaysia. The data from the interviews clearly show that being religious is a work-related matter because Islamic principles and teachings are embedded in an individual's way of life. The *Wall Street Journal* survey reports corroborate this finding by showing that Muslims in South East Asia are the most devout in comparison to Muslims in other parts of the world (Bellman 2012).

As far as Malay Muslims are concerned, being religious is part of daily life and routines. Thus their daily habits at work incorporate Islamic values. These values assist these employees in being motivated at work. The centrality of work in Islamic thinking encourages Muslims to engage in economic activities with energy and determination (Ali & Al-Owaihian 2008). The religious text of Islam, the *Quran*, instructs Muslims to persistently pursue whatever work is available whenever it is available. Muslims believe in the preaching of their Prophet Muhammad that perfection of work is a religious duty. He also asserted that work is a form of worship to God (*Allah*) and failure to perfect work while expecting rewards (from God and for the hereafter) is clearly an injustice to the individual. As the Prophet Muhammad advocated, there must be an emphasis on discipline and commitment, not only to highly influence the essence of work but also to link faith and work, and eventually steer the Muslim individual towards becoming an economically and politically viable entity (Ali & Al-Owaihian 2008). Clearly, being religious has important implications for employees' level of engagement among these Malay Muslims.

In an experimental study by Fredrickson, Cohn, Coffey, Pek and Finkel (2008), it was found that meditation practices increase the daily experience of positive emotions and, in turn, produce a rise in personal resources eight weeks later, such as mastery and self-acceptance. Therefore, such practices as the Islamic rituals (e.g.. prayers, fasting) which act as forms of meditation may in the case of this study cause an increase in positive emotions. Being religious, it seems, causes people to work hard, do well economically, employ self-discipline and improve achievements. This can be clearly seen in the employees' descriptions and explanations during their interviews. Highly



religious individuals are seen as having well developed self-control and consciousness, and are more prone than others to be satisfied and happy at work. Religious conviction appears to be significantly related to employee engagement for the professional workers in this study, contrary to the findings of Chusmir and Koberg (1988) and Wilcox et al. (2012), which were that individuals of a higher socio-economic status such as white collar workers are more liberal and hold fewer fundamentalist religious beliefs than people of a lower socio-economic status.

The results of this study answer the central question of this research in finding that Western approaches of 'best practice' HRM in managing employees may not be as prevalent in Malaysian financial institutions as may have been assumed. Certainly, the increasing number of Malaysian graduates from Western countries have brought about many changes in the HR systems in these organisations on their return to Malaysia. These graduates often come home with the intention of applying what has been learned to try to improve the organisational strategy and system in the country. Unfortunately, it is rather clear that such practices may not be entirely suitable in Malaysia. In essence, HPWP can only be realised in Malaysia when leaders and employees can incorporate Islamic ethical values in them. As long as organisations and leaders adhere to Islamic values, Muslims employees in these organisations may experience self-enhancement and an improvement in their work role, which ultimately influences employee engagement.

#### **5.4.2 Understanding employee disengagement**

Employees in this study were generally engaged at work. However, in addition to the problems discussed above in regard to leadership behaviour and HR practices, employees listed other reasons for disengagement or low engagement at work, as summarised in Table 5.11.

**Table 5.11: Problems in HRM functions that cause lower engagement**

HRM functions	Value and/or goal conflict	Manipulation & violation	Availability of resources	Power & coercion
Reward system	Bell-shaped curved system does not provide justice	'Favoured' employees received more rewards	Unavailability of a transparent reward system	System more inclined to reward seniority instead of performance
Comprehensive training	Preference for on the job training as opposed to a formal one		Training offered does not 'fit' the employee's job	Forcing employees to attend training without their consent
Employee participation program	Co-existence of younger & older generation; Intragroup versus intergroup interests		Inefficient technology	Existence of red tape slows down the participation process
Development & appraisal	Similar criteria & goals for different jobs	Altering KPI without informing employee		Top management & HR department have full power over KPI
Formal grievance system	Voicing complaints is not encouraged, saving face is more important	Top management as 'voice' of employees but often this is not the case	No union or limited in-house union	Depend on top management as a 'mouthpiece'
Selective staffing		Inconsistency of HR team, giving false hope to internal employees	The culture of 'poaching'	Selection based on 'who you know'
Job security				

Source: Compiled from interview data

***Generation gap: co-existence of the younger and older generations***

While market liberalisation has brought in a new generation of leaders and young followers who are enthusiastic and well equipped to embrace the new open system, it has also resulted in a generation gap where the old and new generations of leaders and subordinates co-exist (Grachev & Bobina 2006). Three employees in the study expressed their concern about work relationships between the younger and the older (traditional) generations. Employees of the older generation seem to be passive and taken aback by new technology and prefer the 'old way of doing things'. This group of employees also tends to believe that an organisation should be hierarchical in nature and leaders should give direct orders. However, the participants in the study did not include older (traditional) generation employees with those views and thus the study is

unable to demonstrate evidence from their viewpoints. It seems possible that the older generation of employees are more comfortable with their 'place' and do not like changes, particularly the proactive way of making decisions. The proposition that younger and older workers may view work and self in fundamentally different ways is not new. Life career stage models (Levinson 1986) suggest that the early years are a period of establishment and later years are associated with a stronger sense of self and life. In these cases, leaders must possess management skills that can deal with conflict at the micro level such as dealing with 'old' (traditional) and 'young' (modern) employees and respond to their different expectations. (Ismail & Ford 2010).

### ***Nature of work***

The perceptions of the employees in this study are consistent with the literature on the nature of work, particularly job enrichment, which has been studied for decades (Hackman et al. 1975). It is the opportunities to learn new things and to introduce new things that get people excited to work. Ten employees (24%) claimed that they get highly engaged in their job when given new projects to run. It can be seen that employees crave challenging work because of their 'thirst' for different knowledge. However, when a job is routine, employees become uninterested and having to complete a task seems like a forced effort, thus lowering their level of engagement.

### ***Bureaucratic process: the red tape***

In most organisations, participative decision making is very much welcomed, but a bureaucratic ('red tape') system makes it hard to complete any task. There is evidence that employees' decision making is entwined with various items of paperwork that slow the process. Employees, after making a decision and being approved by their immediate supervisor, need to fill in paperwork. This process goes on to the top management. At times, different paperwork needs to be signed and approved by people in different departments and at different levels. This eventually affects an employee's level of engagement. Although there are organisations that seem to be technologically forward driven, there are other organisations that seem more orthodox. Employees complain that the system is slow and the technology is faulty and that their productivity is very much affected by this. When the system does not work, employees are forced to use the manual way of doing things; for example, instead of submitting

an assignment online, employees need to submit it manually. Having inefficient technology hinders the implementation of HPWP and ultimately adversely affects employee engagement.

### ***Organisational politics***

According to institutional theory, well-organised institutional environments are more stable than those where corruption, dishonesty and inefficiency proliferate (Kets de Vries 2000). In this case, there is evidence that many institutions have not yet adopted an open system. Although the organisations embrace the idea of high-performance practices, inefficiency in the environment leads to highly complex and ambiguous systems. In this study, more than half of the employees (23 employees) voiced their disappointment in organisational politics which proliferate throughout the departments. Peng and Heath's (1996) study on informal institutions (collectivistic socialist values and popularity of networks and personal forms of exchange) produced a description which characterises the environment in this study. It is not the law or institutional structure that determines an employee's individual achievement but who the employee knows in a position of power or authority.

### ***Intragroup versus intergroup relations: working in teams***

Thirteen employees (14% of coded references) noted that disengagement, if any, mainly occurs when employees are not cooperative. Employees in this study expressed that organisational goals can only be achieved through cooperation and a collective pool of energy and knowledge. The study revealed evidence of two different scenarios in relation to intragroup versus intergroup members.

In the intragroup scenario, problems occur when individuals cannot compromise due to individual motives or character. For instance, in an individual-based pay-for-performance system, individual employees strive to achieve individual goals instead of departmental goals. This occurs mainly in organisations where rewards and appraisal do not take team goals and achievements into consideration. In a high-performing organisation, team-based rewards and team appraisal are practised. What is rather perplexing is that employees seem to work well within their intragroup but not with other groups outside their department (intergroups).

In the intergroup scenario, employees work with people from other departments. In modern organisations, project-based work requires employees to work with people from other departments. Regrettably, the people interviewed in this study said they were unable to do so, because they neither knew the people from the other departments nor could they 'get along' with them. Cohesion among group members was difficult due to this lack of personal relationships. In a collective society, network connection is important in getting a job done. It is therefore critical that management and leaders understand that teamwork does not come naturally to all employees. Some organisations engage in team development training as a way to solve this problem.

## **5.5 Summary**

The qualitative findings presented in this chapter have provided some detailed insights into the factors influencing employee engagement. The use of semi-structured interviews clarified the ways in which individuals are engaged at work. Analysis of the interviews demonstrated three major resources that enhance employee engagement: empowering leadership behaviour, high-performance work practices and religiosity. The findings highlight how micro-institutions can be affected by the macro-institutional context. Taken together, these results suggest that there is a complex interplay between empowering leadership behaviour, HPWP, religiosity and engagement. The analysis enabled a rich understanding of employee engagement. Nevertheless, these findings from Study 1 (qualitative study) required corroboration from Study 2 (quantitative study) to strengthen the research findings. Since both qualitative and quantitative studies were conducted concurrently, it was crucial to investigate whether the quantitative study yielded similar results or not. The next chapter focuses on the survey data (Study 2) and provides the quantitative analysis in testing the hypotheses derived in Chapters 2 and 3.

## **CHAPTER 6: STUDY 2 – A SURVEY: DETERMINING FACTORS INFLUENCING EMPLOYEE ENGAGEMENT**

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### **6.1 Introduction**

This chapter investigates the association between empowering leadership behaviour, high-performance work practices and an employee's level of engagement. The study also examines the possible role that the personal factor of religiosity may play in the relationship between empowering leadership behaviour, high-performance work practices and employee engagement. Finally, the study explores the differences between those who are highly engaged and those who are not highly engaged at work.

The chapter is divided into eight sections. First, the study reports the demographic data of the respondents. Second, the preliminary examination of the descriptive statistics is demonstrated. This is followed by a reliability analysis of the scale used. Next, the convergent and discriminant validity correlation matrix is examined. Fifth, the findings from a series of multivariate analyses are presented. Sixth, a test of group differences is conducted. Finally, the seventh section discusses the findings and the results of testing the hypotheses, followed by a conclusion.

The hypotheses were tested by examining the direct relationship between variables by using a series of multiple regressions. According to Hair (2006), multiple regression analysis produces the best estimates of a dependent variable from a number of independent variables. Regression analyses, using SPSS 18.0, was further conducted to assess the relations between empowering leader behaviour, high-performance work practices and engagement. Next, hierarchical regression was used to explore the moderating effect of religiosity. The hierarchical regression procedure specifies that the variables are entered into the equation in a specific order in blocks, supported by a theoretical argument, determining the contribution of each independent variable to the prediction of the dependent variable, after other demographics variable are controlled for (Hair 2006).

## 6.2 Sample Characteristics

This section presents an overview of the demographic characteristics of the respondents to the survey questionnaire (Table 6.1). The overview presents the extent to which the sample is similar to the population studied and thus provides a generalisation of the findings.

A total of 278 respondents participated in the survey; 41% were male and 59% female. In terms of age, the group can be categorised into three groups: young, middle and older groups. The 'young' group consisted of those younger than 30, of which there were 82 respondents, comprising 30% of the sample. The majority comprised those in the 'middle' age group, aged between 31 and 40, of which there were 119 respondents (43% of the sample). There were 62 respondents (22% of the sample) aged between 41 and 50. The 'older' group was those aged between 51 and 60 and made up 5% of the sample (14 employees).

The vast majority of the sample were Malay employees, who comprised 216 respondents (78%). Another 14% (40 respondents) were Chinese employees and 18% (7 respondents) were Indian employees. Only four respondents (1%) indicated their ethnicity as 'Other'; one was Indian Muslim and three were Peranakan. The majority of the sample (138 respondents; 50%) had a degree or professional qualification (e.g., ACCA: Association of Chartered Certified Accountants). Thirty-one respondents (11%) had at least finished secondary school and 87 respondents (31%) had a certificate or diploma. The most highly educated group comprised 21 respondents (8%). The vast majority worked at the executive level (214 respondents; 77%). Forty-nine respondents (18%) held a position at the supervisory level while 14 respondents (5%) had a position at top level management.

**Table 6.1: Demographic data of the sample respondents**

		Frequency	Percentage (%)
<b>Gender</b>	Male	113	41
	Female	165	59
<b>Age</b>	Under 30	82	30
	31 to 40	119	43
	41 to 50	62	22
	51 to 60	14	5
	Over 61	0	0
<b>Ethnicity</b>	Malay	216	78
	Chinese	40	14
	Indian	18	7
	Other	4	1
<b>Educational qualification</b>	Secondary school & below	31	11
	Certificate / Diploma	87	31
	Degree / Professional	138	50
	Master's / Doctorate	21	8
<b>Current position</b>	Non-managerial level	0	0
	Executive level	214	77
	Supervisory level	49	18
	Top management & above	14	5
<b>Number of years in the present company</b>	Up to 4 years	104	38
	5 to 7 years	37	13
	8 to 10 years	22	8
	11 years or more	114	41
<b>Number of years in the present job</b>	Up to 4 years	114	42
	5 to 7 years	45	16
	8 to 10 years	25	9
	11 years or more	91	33
<b>Annual income</b>	Less than RM 40,000	111	40
	RM 40,001 to 80,000	126	45
	RM 80,001 to 120,000	31	11
	RM 120,001 to 160,000	4	2
	RM 160,001 & above	6	2
<b>Total*</b>		<b>278</b>	<b>100</b>

\*Total of each category may not accumulate to 278 due to missing data

The distribution of the sample based on tenure shows two extreme figures, with one group working up to four years (104 respondents; 38 %) and the other group working for 11 years or more (114 respondents; 41%). Smaller groups had worked for their company between 5 and 7 years (37 respondents; 13%) and between 8 and 10 years (22 respondents; 8%).

The distribution of the sample based on tenure with the present job also demonstrates two extreme figures, with one group working up to four years (114 respondents; 42%)



and the other group working for 11 years or more (91 respondents; 33%). Smaller groups had worked for the company between 5 and 7 years (45 respondents; 16%) and between 8 and 10 years (25 respondents; 9 %).

The sample distribution was based on the annual income of the employees in Ringgit Malaysia (RM). The distribution shows that the majority of employees earned less than RM80,000 per year. Specifically, 111 respondents (40%) earned less than RM40,000 per year while another 126 respondents (45%) earned from RM40,001 to RM80,000 per year. Only 31 respondents (11%) earned from RM80,000 to RM120,000 per year and 10 respondents (4%) earned more than RM120,000 per year.

## **6.3 Preliminary Analyses**

### **6.3.1 Non-response bias**

Due to the prolonged nature of the responses to the questionnaire, the data received were divided in two phases within the seven-month collection period. The first phase comprised the first three months of data collection and the second phase comprised the next four months of data collection. As recommended by Armstrong and Overton (2010), non-response bias could be assessed by comparing the early and the late respondents. The late respondents were assumed to demonstrate the characteristics of non-respondents.

The responses of the two groups were compared using t-test analysis. The statistics across the two groups were compared across all the major variables. With the exception of the high-performance work practices variable, the study found there was no significant difference in the means for the first phase and the second phase groups at the 0.05 level. For the high-performance work practices variable, the effect size resulted in only a small indication of the magnitude of the differences between the two groups. This showed that response bias was not a major concern in the study.

**Table 6.2: T-Test comparing first and second group of respondents**

Variables	First group (mean)	Second group (mean)	Significant level	t-value	Effect size
Empowering leadership behaviour	4.99	4.74	0.08	1.736	0.011
High-performance work practices	4.68	4.39	0.02	2.438	0.023
Religiosity	6.52	6.66	0.06	-2.009	0.014
Employee Engagement	4.82	4.88	0.58	-0.549	0.001
N	105	173			

### **6.3.2 Missing data and cleaning up**

Missing data is one of the most prevalent problems in data analysis (Tabachnick & Fidell 2007). In this study, all variables had less than 6% of missing values, indicating that the data did not contain high levels of missing data. Due to the low proportion of missing values, no cases were dropped. As suggested by Tabachnick and Fidell (2007), if the proportion of missing values is very small, then means values can be substituted to estimate the missing values. Consistent with this view, means values were inserted for the missing data. Imputation is the process of estimating the missing value based on valid values of other variables and/or cases in the sample (Hair et al. 2010). This mean imputation is conducted by applying the SPSS procedure with a 'Replace with mean' option which calculates the mean value for the variable and gives the missing case the value (Pallant 2011).

The next step was to examine and clean the data for any peculiar patterns of answers. Response set bias occurs when respondents fail to discriminate among the items and respond to every question in the same manner. In order to ensure that respondents are reading the questions in a thoughtful manner and to reduce or eliminate response set bias, Nunnally and Bernstein (1994) proposed including negatively worded items in the questionnaire. The reason is that, if a respondent fails to recognise the reversal of the items, he or she could be engaging in some type of response bias and perhaps should be removed from the sample to increase the accuracy of the data being

analysed. Since the researcher had keyed-in the data, she was able to identify 27 respondents who may not have answered the survey reliably. This was because, apart from the descriptive data, all the interval data were marked as 7 on the Likert scale, stating 'Completely Agree' with all the items, including the negative-response items. It would seem that these respondents did not take the time to read and understand the items. Their responses were not useful for the study as they would only distort the data and the analyses. These 27 cases were then deleted before conducting further analysis.

Another case was deleted due to the job position of the respondent, i.e., Clerk, which was outside the scope of the study, which was limited to middle level management. The final number of cases for the study was 278.

### **6.3.3 Normality and outliers**

Screening continuous variables for normality is a crucial phase in a multivariate analysis. The assumption is that statistical inference becomes less robust as distributions depart from normality (Mellahi & Budhwar 2010). The distribution is measured by examining the skewness and kurtosis. Each of the scales was examined in terms of skewness and kurtosis: Empowering leadership (Skewness = -0.783, standard error = 0.150), (Kurtosis = 0.494, standard error = 0.298); HPWP (Skewness = -0.427, standard error = 0.153), (Kurtosis = 0.800, standard error = 0.304); Religiosity (Skewness = -2.355, standard error = 0.165), (Kurtosis = 7.015, standard error = 0.328); Employee engagement (Skewness = -0.175, standard error = 0.153), (Kurtosis = 0.467, standard error = 0.305).

According to Tabachnick and Fidell (2007), with reasonably large samples, skewness will not make a substantive difference in the analysis. In terms of kurtosis, the risk of having an underestimate of the variance can be reduced with a large sample (200 or more). Since these two tests are too sensitive for a large sample (i.e., 278 cases), the histogram was inspected to examine the shape of the distribution. The inspection of the histogram was based on the Kolmogorow-Smirnow test which assesses the normality of the distribution of the scores. A non-significant result, i.e., a significant value of more than 0.05, indicates normality. However, a significant value of 0.000 suggests a violation of the assumption of normality, which is quite common in larger samples

(Pallant 2011). Most of the dimensions are only reasonably normally distributed due to the large sample. According to Hair et al. (2010), for sample sizes of 200 or more, significant departures from normality may not have a substantial impact on the results. Further, when group comparisons are carried out, such as in ANOVA, the differing sample sizes between groups, if large enough, can even cancel out the detrimental effects (Hair et al. 2010). Consequently, the data were also checked for outliers. No extreme outliers were found.

### 6.3.4 Distribution of latent constructs

This section provides a general picture of the respondents' evaluation of each construct to understand more about the characteristics of the sample in this research. Table 6.3 presents the statistical distribution (minimum, maximum, mean and standard deviations) of the scores of the various constructs.

**Table 6.3: Statistical distribution of the various constructs**

	N	Minimum	Maximum	Mean	Std. Deviation
Leadership - Lead by example	274	1.00	7.00	4.90	1.27
Leadership - Participative decision making	272	1.00	7.00	4.86	1.19
Leadership - Coaching	273	1.20	7.00	4.83	1.27
Leadership - Informing	275	1.00	7.00	4.79	1.20
Leadership - Showing concern	273	1.00	7.00	4.73	1.26
Empowering leadership behaviour	265	1.32	6.88	4.84	1.18
HPWP - Comprehensive training	267	1.00	6.75	4.24	0.91
HPWP - Developmental performance appraisal	270	1.00	7.00	4.67	1.19
HPWP - Reward system	273	1.00	7.00	4.12	0.85
HPWP - Staffing	269	1.00	7.00	4.49	1.05
HPWP - Job security	273	1.00	7.00	4.49	1.13
HPWP - Employee participation	274	1.00	7.00	4.46	1.33
HPWP - Formal grievance	273	1.00	7.00	4.37	1.33
HPWP	255	1.50	6.50	4.42	0.83
Religiosity	218	4.06	7.00	6.60	0.46
Engagement-Vigour	267	1.83	7.00	4.72	0.78
Engagement-Dedication	271	2.00	7.00	5.05	1.01
Engagement-Absorption	263	2.00	6.83	4.63	0.85
Employee Engagement	253	2.00	6.83	4.78	0.81

Note: Based on a Likert scale from 1 (Completely Disagree) to 7 (Completely Agree)

## 6.4 Reliability Analysis

In accordance to Churchill's (1979) recommendation, refinement of the scale requires the computing of reliability coefficients (Cronbach's alphas). The Cronbach's alpha for all questions under each criterion should be above 0.70, indicating that the questions deal with the same underlying construct (Spector 1992) or, as Moss et al. (1998) suggested, an alpha score of 0.6 is generally acceptable. The Cronbach's alphas were computed for each of the variables as well as the dimensions in the variables to ascertain the extent to which the items making up the dimensions and variables shared common aspects. The following reliability analysis ranges from 0.769 to 0.984, with the exception of two dimensions under HPWP: comprehensive training ( $\alpha = 0.583$ ) and reward systems ( $\alpha = 0.027$ ). Those dimensions with Cronbach's alphas of 0.7 and higher were retained as they presented adequate reliabilities (Nunnally & Berstein 1994).

Two items were deleted from HPWP due to the low reliability of the items. The item from Training, 'At my organisation, training is viewed as a cost', and the item from Reward, 'The wages in this work unit are not very competitive for this industry', were both reverse-coded items. Both items were recoded before any analysis was conducted. This was to ensure that all items' scores were on the same scale, i.e., a high score indicates high agreement. All reverse-coded items were properly recoded for the main survey by using the Transform and Recode function in SPSS and still yielded lower reliability results. As discussed in Chapter 4, such reverse-coded items may not operate in the Malaysian setting even though their reliability was acceptable in the pilot study. The argument is that if a respondent fails to recognise the reversal of the items, he or she could be engaging in some type of response bias and should be removed from the sample to increase the accuracy of the data being analysed.

Both of these items were deleted because of low reliability, indicating that respondents may not have had the same understanding of the items. The deletion of the items increased the value of Cronbach's alpha for the dimensions of comprehensive training and reward systems, which were 0.784 and 0.638 respectively. This further increased the overall Cronbach's alpha for the HPWP variable to 0.938. Additionally, this implied that only 80 items would be used for the final analysis. The final Cronbach's alphas are illustrated in Table 6.4. Employee job security, employee participation program and formal

grievance were not included in this test (Table 6.4) since each of them only included one item.

**Table 6.4: Reliability score for all variables**

<b>Employee Engagement</b>	<b>Cronbach's Alpha</b>
Vigour	0.769
Dedication	0.881
Absorption	0.784
Employee engagement (All items)	0.923
<b>High-Performance Work Practices</b>	
Comprehensive training	0.784
Developmental performance appraisal	0.806
Reward systems	0.638
Selective staffing	0.880
High-performance work practices (All items)	0.902
<b>Empowering Leadership Behaviour</b>	
Leading by example	0.930
Participative decision making	0.926
Coaching	0.939
Informing	0.927
Showing concern	0.944
Empowering leadership behaviour (All items)	0.984
<b>Religiosity</b>	
All items	0.876

## **6.5 Construct Validity**

The construct validity of the scales is assessed by its convergent validity and discriminant validity (Branine & Pollard 2010). The convergent validity and discriminant validity of the scales need to be conducted before testing the hypotheses of the study.

### **6.5.1 Convergent validity**

Convergent validity refers to the degree to which multiple measures of the same construct demonstrate agreement or convergence, i.e., measures that supposedly assess the same thing should correlate highly if they are in fact valid measures of the same underlying construct (Al-Hamadi et al. 2007). The convergent validity was demonstrated by performing confirmatory factor analyses (CFA) using AMOS 18. The

tests were conducted on all variables with the exception of the religiosity variable since it did not consist of sub-scales. The purpose of conducting Confirmatory Factor Analysis (CFA) was to ensure that each dimension had a good fit within each construct. All the questions were from established questionnaires and the dimensions were taken from previous studies which had shown that they had good psychometric properties. Religiosity however, was treated as a single construct with no dimensions. Thus, running CFA on Religiosity was unnecessary. As recommended by Tabachnick and Fidell (2007), several goodness-of-fit indices were used to assess the overall model fit for each CFA: the normed fit index (NFI) (Bentler & Bonett 1980), the comparative fit index (CFI) (Bentler 1990; Hu & Bentler 1999), the root-mean-square error of approximation (RMSEA) (Browne et al. 1993), the Tucker-Lewis Index (TLI) (Bentler & Bonett 1980), and the incremental fit index (IFI) (Bollen 1989). Further, Schumacker and Lomax (2004) recommended a factor loading above 0.5. Table 6.5 shows the values that indicate an acceptable model fit. The following paragraphs elaborate on a more detailed result of the CFA for each of the scales.

**Table 6.5: Criteria for a model fit**

	Acceptable values of a good fit
Normed fit index (NFI)	0.95 and above
Comparative fit index (CFI)	0.90 and above
Root-mean-square error of approximation (RMSEA)	0.08 or less/ 0.1 and less
Tucker-Lewis index (TLI)	0.90 and above
Incremental fit index (IFI)	0.90 and above

### ***Employee engagement***

Responses to 17 items were factor analysed and the initial model yielded an acceptable degree of fit (CFI=0.91; IFI=0.91; RMSEA=0.08). The individual factor loadings indicated that all indicators were both significant and loaded greater than the minimum recommended value of 0.50, with the exception of three items. Two items from dimensions of vigour ('At my work, I feel bursting with energy'; factor loaded at 0.46 and 'At my work, I always persevere, even when things do not go well'; factor loaded at 0.46) and one item from absorption ('When I am working, I forget everything else around me'; factor loaded at 0.43) were dropped from the model, resulting in an increase in model fit (CFI=0.94; TLI=0.92; IFI=0.95; RMSEA=0.07). In the second

model, one item ('I get carried away when I am working'; factor loaded at 0.48) was also dropped, resulting in an increase in model fit (CFI=0.97; TLI=0.95; IFI=0.97; RMSEA=0.06; Chi-square = 127.55; Degrees of freedom = 62; p-value = 0.000). All the other items with factor loadings greater than 0.50 were therefore retained (Table 6.6). The reliability coefficient for the measure was 0.913

**Table 6.6:Employee engagement factor item loadings**

<b>Component Matrix</b>	
<b>Scale item</b>	<b>Component</b>
At my job I feel strong and vigorous	0.66
When I get up in the morning, I feel like going to work	0.64
I can continue working for very long periods at a time	0.63
At my job, I am very mentally resilient	0.68
My job inspires me	0.81
I am proud of the work I do	0.84
To me, my job is challenging	0.64
I find the work that I do full of meaning and purpose	0.80
I am enthusiastic about my job	0.79
I am immersed in my work	0.52
Time flies when I am working	0.72
I feel happy when I am working intensely	0.85
It is difficult to detach myself from my job	0.53

### ***Empowering leadership behaviour***

Responses to 25 items were factor analysed and the results indicated that the model was an acceptable fit for the data (CFI=0.90; TLI=0.88; IFI=0.91; RMSEA=0.10; Chi-square = 1088.54; Degrees of freedom = 265; p-value = 0.000). The RMSEA of 0.10 indicated that the model fitted the data marginally. Reducing other parameters did not change the RMSEA value. According to Browne and colleagues (1993), the logic underlying RMSEA is that no model will ever fit exactly in the population and the best one can hope for is a close approximation to reality. They suggested that a RMSEA value of 0.05 or less reflects a model of close fit, whereas values between 0.05 and 0.08 indicate a reasonable fit. RMSEA values greater than 0.1 are not recommended as they do not resemble a good fit. In this case, the RMSEA had a value of exactly 0.1. Nevertheless, since the value did not go over 0.1, the model could be deemed to be a marginal fit and could be used in the study. All the items consisting of factor loadings greater than 0.50 were therefore retained (Table 6.7). The reliability coefficient for the final measure was 0.976.



**Table 6.7: Empowering leadership behaviour factor item loadings**

<b>Component Matrix</b>	
<b>Scale item</b>	<b>Component</b>
Sets high standards for performance by his/her own behaviour	0.63
Works as hard as he/she can	0.88
Sets a good example by the way he/she behaves	0.91
Works as hard as anyone in my work group	0.91
Leads by example	0.92
Encourages work group members to express ideas/suggestions	0.86
Listens to my work group's ideas and suggestions	0.85
Considers my work group's ideas when he /she disagrees with them	0.82
Uses my work group's suggestions to make decisions that affect us	0.83
Gives all work group members a chance to voice their opinions	0.87
Provides help to work group members	0.89
Suggests ways to improve my work group's performance	0.88
Teaches work group members how to solve problems on their own	0.84
Pays attention to my work group's efforts	0.88
Encourages work group members to solve problems together	0.85
Explains company goals	0.71
Explains company decisions	0.82
Explains how my work group fits into the company	0.88
Explains his/her decisions and actions to my work group	0.90
Explains rules and expectations to my work group	0.90
Stays in touch with my work group	0.90
Shows concern for work group members' well-being	0.90
Treats work group members as equals	0.82
Takes the time to discuss work group members' concerns patiently	0.86
Gives work group members honest and fair answers	0.89

***High-performance work practices***

The responses to 16 items were factor analysed and the results indicated that the model was an acceptable fit for the data (CFI=0.90; TLI=0.84; IFI=0.90; RMSEA=0.10; Chi-square = 341.07; Degrees of freedom = 86; p-value = 0.000). The RMSEA of 0.10 indicated that the model fitted the data marginally. However, similar to the above case, the data could be used in this study since all the items were from established scales. Only 13 of the factor loading items are reported below since the other three items were single subscale items. All the items which consist of factor loadings greater than 0.50 were retained (Table 6.8). The reliability coefficient for the final measure was 0.889

**Table 6.8: High-performance work practices factor item loadings**

Component Matrix	
Scale item	Component
The training process for members of my work unit is extensive	0.77
There are different kinds of training programs available for members of my work unit to attend	0.78
Training is placed as a priority for the employees in my work unit	0.70
Pay is closely tied to individual performance	0.83
Differences in pay across members of this work unit represent differences in their contribution	0.56
A lot of importance is placed on the staffing process in this unit	0.73
The use of employee selection process for a job in this unit is extensive (e.g., use of tests, interviews)	0.78
Selection involves screening many job candidates	0.79
Selection emphasises the employee's ability to collaborate and work in teams	0.78
Selection focuses on selecting the best all-round candidate, regardless of the specific job	0.78
At my organisation, a great deal of effort is given to measuring employee performance	0.72
When performance is discussed, a lot of emphasis is placed on finding avenues for employees' personal development	0.81
Raises, promotions, etc. are closely tied to performance appraisal	0.79

### 6.5.2 Discriminant validity

A scale's validity can be further assessed by examining the associations and relationships between the variables. Discriminant validity is demonstrated by the fact that reliabilities for each scale are higher than the correlations among different scales (Podsakoff & Organ 1986; Campbell & Fiske 1959). For example, the reliability of employee engagement ( $\alpha = 0.92$ ) was higher than the correlation of employee engagement with empowering leadership behaviour ( $\alpha = 0.45$ ) (Table 6.9). Table 6.9 shows that employee engagement was significantly and positively associated with empowering leadership behaviour ( $r = 0.45$ ,  $P < 0.01$ ) and high-performance work practices ( $r = 0.38$ ,  $P < 0.01$ ). In relation to the empowering leadership behaviour variables, the opportunity to participate in decision making was highly correlated to employee engagement ( $r = 0.49$ ,  $P < 0.01$ ). Other variables of empowering leadership were also significantly correlated to employee engagement, with the r-value ranging from 0.40 to 0.44 ( $p < 0.01$ ). In terms of high-performance work practices, employee engagement was significantly related to the overall empowering leadership behaviour ( $r = 0.38$ ,  $p < 0.01$ ). In relation to religiosity, employee engagement was significantly related to religiosity ( $r = 0.15$ ,  $p < 0.05$ ).

**Table 6.9: Intercorrelations among variables**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1 Vigour	1.00																		
2 Dedication	0.80**	1.00																	
3 Absorption	0.74**	0.80**	1.00																
4 Employee Engagement	0.91**	0.94**	0.92**	1.00															
5 Lead by example Participative decision	0.38**	0.45**	0.33**	0.42**	1.00														
6 making	0.43**	0.50**	0.38**	0.49**	0.86**	1.00													
7 Coaching	0.35**	0.43**	0.30**	0.40**	0.89**	0.92**	1.00												
8 Informing	0.39**	0.45**	0.32**	0.42**	0.89**	0.89**	0.91**	1.00											
9 Showing concern Empowering leadership	0.39**	0.45**	0.35**	0.44**	0.85**	0.90**	0.91**	0.89**	1.00										
10 behaviour	0.42**	0.50**	0.38**	0.45**	0.94**	0.95**	0.97**	0.96**	0.95**	1.00									
11 Comprehensive training	0.32**	0.37**	0.21*	0.33**	0.48**	0.54**	0.55**	0.56**	0.52**	0.55**	1.00								
12 Reward system	0.19**	0.29**	0.13*	0.23**	0.38**	0.46**	0.47**	0.47**	0.47**	0.48**	0.63**	1.00							
13 Selection & staffing Developmental	0.36**	0.44**	0.27**	0.39**	0.56**	0.62**	0.62**	0.63**	0.61**	0.64**	0.81**	0.62**	1.00						
14 appraisal	0.28**	0.37**	0.24**	0.33**	0.59**	0.59**	0.63**	0.66**	0.60**	0.64**	0.73**	0.66**	0.80**	1.00					
15 Job security	0.21**	0.28**	0.14*	0.22**	0.31**	0.33**	0.36**	0.38**	0.32**	0.36**	0.53**	0.43**	0.65**	0.54**	1.00				
16 Employee participation	0.28**	0.31**	0.19*	0.28**	0.28**	0.43**	0.41**	0.40**	0.38**	0.39**	0.57**	0.42**	0.58**	0.45**	0.45**	1.00			
17 Formal grievance High-performance work	0.21**	0.26**	0.16**	0.23**	0.36**	0.41**	0.39**	0.44**	0.38**	0.42**	0.42**	0.34**	0.53**	0.43**	0.42**	0.46**	1.00		
18 practices	0.35**	0.44**	0.25**	0.38**	0.53**	0.61**	0.61**	0.64**	0.59**	0.62**	0.85**	0.75**	0.90**	0.83**	0.73**	0.76**	0.67**	1.00	
19 Religiosity	0.12	0.15*	0.15*	0.15*	0.07	0.04	0.08	0.03	0.03	0.05	0.04	0.04	0.09	0.04	0.07	0.03	0.05	0.08	1.00

N = 278

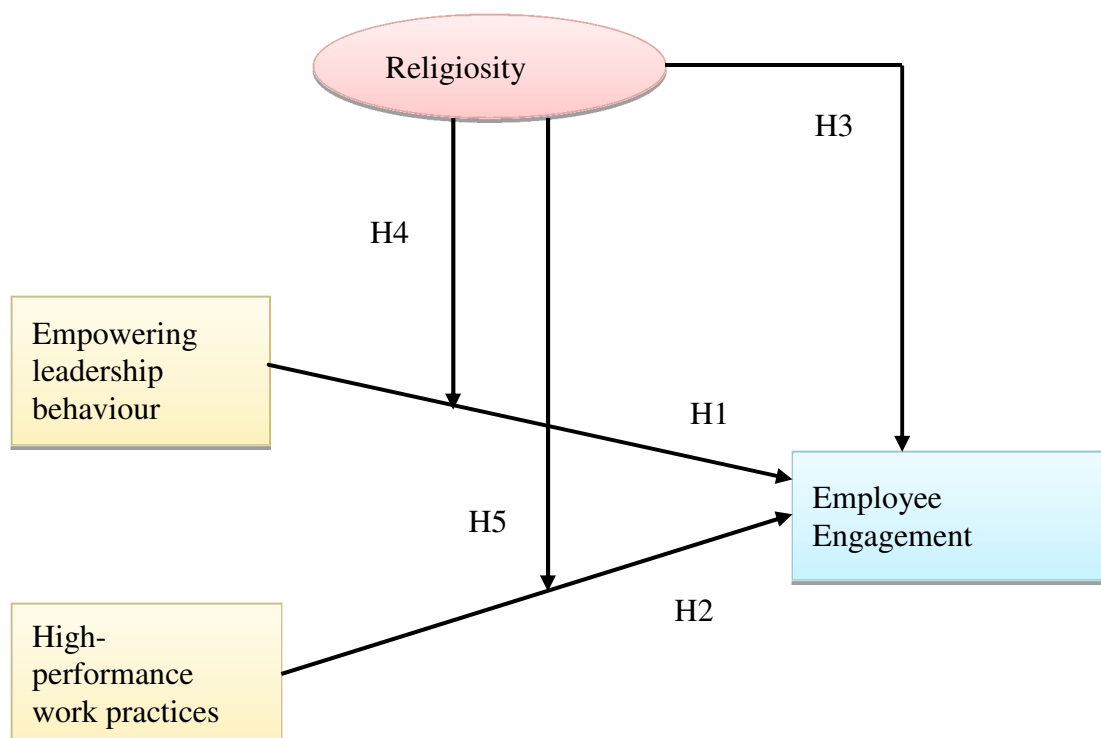
\*\*Correlation is significant at the 0.01 level (two-tailed)

\*Correlation is significant at the 0.05 level (two-tailed)

## 6.6 Regression Analyses for Testing Hypotheses

Each of the hypotheses proposed in Chapters 2 and 3 is tested and discussed (see Figure 6.1). Preliminary analyses were conducted as recommended by Tabachnick and Fidell (2007) to ensure there was no violation of the assumptions of sample size, multicollinearity, outliers, normality and linearity. Regression analyses were used to explore the relationship between the independent and dependent variables while hierarchical regression analyses were used to test the significance of the moderating variable. The coefficients of determination (R square value), the regression coefficients (Beta coefficient) and the p-values for each of the significant relationships were reported. Field (2005) suggested that the significance level (p-value) for each variable should be less than 0.05 to demonstrate that the variable is making a statistically significant and unique contribution to the prediction of the dependent variable.

**Figure 6.1: Conceptual framework for Study 2**



### ***Assumptions for multiple regression analysis***

The power analysis as detailed in Chapter 4 required 123 cases for a medium effect size. The final sample for this study was 278 cases, which exceeded the required number. Further, there was no evidence of multicollinearity. Multicollinearity occurs when the independent variables are highly correlated (above  $r=0.9$ ). None of the independent variables had high correlations ( $r<0.9$ ). Checking for extreme scores is an important part of the initial data screening process. Outliers are those with standardised residual values above about 3.3 or less than -3.3. In this study, no outliers were found in any of the variables. Additionally, the distributions of the scores in this study were checked using histograms and it was found that most were only reasonably normally distributed. However, as mentioned in Section 6.3.3, for sample sizes of 200 or more, significant departures from normality may not have a substantial impact on the results (Hair et al . 2010).

### ***Hypothesis 1: Empowering leadership behaviour will significantly predict the variance in employee engagement among employees in the financial sector in Malaysia.***

Support was found for Hypothesis 1 with a simple regression analysis revealing that the effect of empowering leadership behaviour in predicting employee engagement was significant ( $\beta=0.466$ ,  $p=0.000$ ), after controlling for seven demographic variables: gender, age, ethnicity, educational qualification, job position, tenure and annual income. Individually, the multiple regression analysis demonstrated a significant positive relationship between participative decision making and employee engagement ( $\beta=0.656$ ,  $p=0.000$ ). Thus, a leader who enables participative decision making will increase employees' level of engagement. Coaching also showed a significant relationship with employee engagement; however, the relationship was negative. ( $\beta = 0.511$ ,  $p<0$ ). Thus, the findings demonstrate that too much coaching could cause lower engagement. Employees may feel that they are being too closely supervised and monitored, thus lowering their sense of freedom at work. It may be that coaching is recognized as beneficial for employees but an unusually high level of coaching could be detrimental to employee engagement. Table 6.10 summarises the regression analysis for Hypothesis 1.

**Table 6.10: Regression model – Empowering leadership behaviour and employee engagement**

	Degree of employee engagement		
	$\beta$	t-value	p-value
<b>Simple regression model</b>			
Empowering leadership behaviour (aggregate)	0.466	8.287	0.000
R <sup>2</sup>	0.217		
Adjusted R <sup>2</sup>	0.214		
F-value	68.682		
<b>Multiple regression model</b>			
Lead by example	0.129	0.976	0.330
Participative decisionmaking	0.656	4.285	0.000
Coaching	-0.511	-2.790	0.006
Informing	0.062	0.394	0.694
Showing concern	0.148	0.995	0.320
R <sup>2</sup>	0.259		
Adjusted R <sup>2</sup>	0.244		
F-value	17.251		

In order to eliminate any possible effect of a variable external to the proposed model, seven control variables – gender, age, ethnicity, educational qualification, job position, tenure and annual income – and empowering leadership behaviour were included simultaneously in the regression equation. The seven control variables were entered in the first model. These control variables explained 8% of the variance in the influence of empowering leadership behaviour on the level of engagement among employees. In Model 2 (Table 6.11), the main effect of empowering leadership behaviour was entered. The result was significant at 0.000 level. Empowering leadership behaviour explained 29% of the variance in employee engagement (R<sup>2</sup>=0.292, Adjusted R<sup>2</sup>=0.262). Analysis of the control variables showed that ethnicity, educational qualification, tenure and annual income were not significantly related to the influence of empowering leadership behaviour on employee engagement (p>0.1). However, gender, age and job position were significantly related to empowering leadership's influence on engagement (p<0.05). Another round of analysis was conducted to test if these control variables would affect the significance of the influence of leadership behaviour on engagement by removing gender, age and job position. The outcome still produced a significant result ( $\beta$ =0.470, p<0.01). Consequently, it follows that there is a positive relationship between empowering leadership behaviour and employee

engagement. The more a leader exhibits an empowering leadership role, the higher the level of engagement will be among employees.

**Table 6.11: Regression model – Empowering leadership behaviour and employee engagement (with control variables)**

	Model 1			Model 2		
	$\beta$	t-value	p-value	$\beta$	t-value	p-value
<b>Control variables</b>						
Gender	0.084	1.155	0.250	0.132	2.051	0.042
Age	0.181	1.714	0.088	0.217	2.324	0.021
Ethnicity	-0.163	-2.331	0.021	-0.075	-1.191	0.235
Educational qualification	-0.151	-1.824	0.070	-0.119	-1.621	0.107
Job position	0.211	2.378	0.018	0.183	2.338	0.020
Tenure	-0.191	-1.981	0.049	-0.096	-1.118	0.265
Annual income	-0.071	-0.685	0.494	-0.070	-0.764	0.446
<b>Main effect</b>						
Empowering leader behaviour (ELB)				0.480	7.485	0.000
R <sup>2</sup>	0.084			0.292		
Adjusted R <sup>2</sup>	0.051			0.262		
F-value	2.530			9.852		

**Hypothesis 2: High-performance work practice will significantly predict the variance in employee engagement among employees in the financial sector in Malaysia.**

The regression analysis revealed a significant positive relationship between high performance work practices and employee engagement ( $\beta=0.381$ ,  $P=0.000$ ) (Table 6.12). Hypothesis 2 is therefore supported. Individually, the multiple regression analysis demonstrated a significant positive relationship between selective staffing and employee engagement ( $\beta=0.311$ ,  $p<0.05$ ). Thus, the more that selective staffing is exercised by an employer, the higher will be the level of engagement.

**Table 6.12: Regression model – HPWP and employee engagement**

	Degree of employee engagement		
	$\beta$	t-value	P-value
<b>Simple regression model</b>			
High performance work practices (aggregate)	0.381	6.365	0.000
R <sup>2</sup>	0.145		
Adjusted R <sup>2</sup>	0.141		
F-value	40.510		
<b>Multiple regression model</b>			
Comprehensive training	0.019	0.176	0.860
Developmental appraisal	0.076	0.720	0.472
Reward system	-0.045	-0.547	0.585
Selective staffing	0.311	2.409	0.017
Employee involvement program	0.095	1.234	0.218
Formal grievance system	0.024	0.331	0.741
Job security	-0.063	-0.809	0.420
R <sup>2</sup>	0.159		
Adjusted R <sup>2</sup>	0.135		
F-value	6.581		

To remove any possible effect of a variable external to the proposed model, the seven control variables were taken into consideration and entered simultaneously in the regression equation. The results of the first model explained 8% of the variance in the effect of high-performance work practices on the level of engagement. In the second model, the main effect of high-performance work practices was entered and resulted in a significant model at the 0.000 level (Table 6.13). High-performance work practices explained 23% of the variance in employee engagement ( $R^2=0.227$ , Adjusted  $R^2=0.193$ ). Analysis of the control variables showed that age and job position were significantly related to the influence of high-performance work practices on employee engagement ( $p<0.05$ ), while tenure was significant at  $p<0.1$ . Therefore, to test if these control variables would have any affect on the significance of the influence of high-performance work practices on engagement, a regression analysis was performed by removing age, job position and tenure. The final result of the analysis still produced a significant result ( $\beta=0.383$ ,  $p<0.05$ ). Consequently, it follows that there is a positive relationship between high performance work practices and employee engagement. The greater the adoption of high-performance work practices, the greater will be the level of engagement among employees.



**Table 6.13: Regression model – HPWP and employee engagement (with control variables)**

	Model 1			Model 2		
	$\beta$	t-value	p-value	$\beta$	t-value	p-value
<b>Control variables</b>						
Gender	0.084	1.127	0.261	0.073	1.069	0.287
Age	0.181	1.673	0.096	0.262	2.604	0.010
Ethnicity	-0.163	-2.276	0.024	-0.096	-1.429	0.155
Educational qualification	-0.151	-1.781	0.077	-0.098	-1.249	0.213
Job position	0.211	2.322	0.021	0.198	2.363	0.019
Tenure	-0.191	-1.934	0.055	-0.155	-1.703	0.090
Annual income	-0.071	-0.668	0.505	-0.073	-0.741	0.460
<b>Main effect</b>						
High-performance work practices (HPWP)				0.398	5.803	0.000
R <sup>2</sup>	0.084			0.227		
Adjusted R <sup>2</sup>	0.049			0.193		
F-value	2.411			6.696		

***Hypothesis 3: Personal resources such as religiosity will significantly predict the variance in employee engagement among employees in the financial sector in Malaysia.***

The regression analysis revealed a significant positive relationship between religiosity and employee engagement ( $\beta=0.151$ ,  $p<0.05$ ). Hypothesis 3 is therefore supported. However, to remove any possible effect of a variable external to the proposed model, seven control variables were taken into consideration and entered simultaneously in the regression equation. The results of the first model explained 8% of the variance in the effect of religiosity on the level of engagement. In the second model, the main effect of religiosity was entered and resulted in a significant model ( $p<0.05$ ) (Table 6.14). Religiosity explained 11% of the variance in employee engagement ( $R^2=0.107$ , Adjusted  $R^2=0.070$ ). Analysis of the control variables showed that ethnicity, job position, and tenure were significantly related to the influence of religiosity on employee engagement ( $p<0.05$ ). Therefore, to test if these control variables would have any effect on the significance of religiosity's influence on engagement, a regression analysis was performed by removing ethnicity, job position and tenure. The final result of the analysis still produced a significant result ( $\beta=0.149$ ,  $p<0.05$ ). Consequently, it follows that there is a positive relationship between religiosity and

employee engagement. The higher the religiosity of the employees, the higher will be the level of engagement among employees.

**Table 6.14: Regression model – Religiosity and employee engagement (with control variables)**

				Degree of employee engagement		
				$\beta$	t-value	p-value
<b>Simple regression model</b>						
Religiosity	0.151	2.170	0.031			
R <sup>2</sup>	0.023					
Adjusted R <sup>2</sup>	0.018					
F-value	4.711					
	Model 1			Model 2		
	$\beta$	t-value	p-value	$\beta$	t-value	p-value
<b>Control variables</b>						
Gender	0.084	1.166	0.245	0.098	1.373	0.171
Age	0.181	1.731	0.085	0.149	1.424	0.156
Ethnicity	-0.163	-2.355	0.019	-0.162	-2.368	0.019
Educational qualification	-0.151	-1.843	0.067	-0.155	-1.910	0.058
Job position	0.211	2.403	0.017	0.224	2.568	0.011
Tenure	-0.191	-2.002	0.047	-0.194	-2.062	0.040
Annual income	-0.071	-0.692	0.490	-0.079	-0.775	0.439
<b>Main effect</b>						
Religiosity				0.154	2.203	0.029
R <sup>2</sup>	0.084			0.107		
Adjusted R <sup>2</sup>	0.052			0.070		
F-value	2.583			4.854		

**Hypothesis 4: Religiosity moderates the relationship between empowering leadership and employee engagement. Empowering leadership behaviour has a stronger and more positive relationship with employee engagement among employees who exhibit a high level of religiosity than employees who exhibit a low level of religiosity.**

The hierarchical regression analysis presented in Table 6.15 revealed that the full model, including the control variables, the independent variables (empowering leadership behaviour and high-performance work practices), the moderator (religiosity) and the interaction effects, was significant at (F=13.599, p=0.000). When compared to the first two models, the addition of interaction effects in the full model

increased the  $R^2$  significantly ( $R^2=0.392$ ). This indicated that the hypothesised model explained 39.2% of the variance in the influence of empowering leadership behaviour on employee engagement. The results demonstrate that the relationship between empowering leadership behaviour and engagement is moderated by religiosity ( $\beta=2.024$ ,  $p=0.000$ ). Hypothesis 4 is therefore supported.

In terms of the control variables, annual income was not significant in any of the three models examined. Therefore, it did not affect the results. Ethnicity and tenure were found to be significant in Model 1 but this effect became insignificant in Models 2 and 3. Thus ethnicity and tenure also did not influence the moderating effects in the two models. Educational qualification was found to be significant in Models 1 and 3. The other control variables of gender, age and job position were found to be significant in Models 2 and 3. To test if these control variables would have any affect on the significance of the interaction affect, another regression analysis was performed by removing educational qualification, gender, age and job position. The final result of the analysis still produced a significant result ( $\beta=1.770$ ,  $p=0.000$ ). Thus, it follows that religiosity does moderate the relationship between empowering leadership and employee engagement. Empowering leadership is positively related to employee engagement among employees who exhibit high levels of religiosity.

**Table 6.15: Hierarchical regression analysis of the relationship between empowering leadership behaviour and employee engagement with religiosity as moderator**

	Model 1			Model 2			Model 3		
	$\beta$	t-value	p-value	$\beta$	t-value	p-value	$\beta$	t-value	p-value
<b>Control variables</b>									
Gender	0.084	1.155	0.250	0.132	2.051	0.042	0.156	2.223	0.027
Age	0.181	1.714	0.088	0.217	2.324	0.021	-0.057	2.078	0.039
Ethnicity	-0.163	-2.331	0.021	-0.075	-1.191	0.235	-0.531	-1.233	0.219
Educational qualification	-0.151	-1.824	0.070	-0.119	-1.621	0.107	-0.071	-1.697	0.091
Job position	0.211	2.378	0.018	0.183	2.338	0.020	0.272	2.498	0.013
Tenure	-0.191	-1.981	0.049	-0.096	-1.118	0.265	-0.003	-1.194	0.234
Annual income	-0.071	-0.685	0.494	-0.070	-0.764	0.446	-0.010	-0.839	0.403
<b>Main effect</b>									
Empowering leader behaviour (ELB)				0.480	7.485	0.000	-1.564	-4.214	0.000
<b>Interaction effect</b>									
ELB x Religiosity							2.024	5.580	0.000
R <sup>2</sup>	0.084			0.292			0.392		
Adjusted R <sup>2</sup>	0.051			0.262			0.363		
F-value	2.530			9.852			13.599		

**Hypothesis 5: Religiosity moderates the relationship between high-performance work practices and employee engagement. High-performance work practices have a stronger and more positive relationship with employee engagement among employees who exhibit a high level of religiosity than for employees who exhibit a low level of religiosity.**

The hierarchical regression analysis presented in Table 6.16 revealed that the full model was not significant ( $p > 0.1$ ). The first model did not contribute much to explaining the variance in employee engagement ( $R^2 = 0.084$ , Adjusted  $R^2 = 0.049$ ). The second model was significant, with high-performance work practices explaining 23% of the variance in employee engagement ( $\beta = 0.398$ ,  $p = 0.000$ ). However, when the interaction effect was entered in Model 3, the model was no longer significant ( $p > 0.1$ ). To test whether the significant control variables of age, ethnicity and job position would affect the significance of the relationship, a regression analysis was performed, removing these control variables. The finding showed that the final model still yielded insignificant results ( $\beta = 0.082$ ,  $p > 0.1$ ). Therefore, it can be concluded that Hypothesis 5 is not supported. Thus it follows that religiosity does not moderate the relationship between high-performance work practices and employee engagement.

**Table 6.16: Hierarchical regression analysis of the relationship between HPWP and employee engagement with religiosity as moderator**

	Model 1			Model 2			Model 3		
	$\beta$	t-value	p-value	$\beta$	t-value	p-value	$\beta$	t-value	p-value
<b>Control variables</b>									
Gender	0.084	1.127	0.261	0.073	1.069	0.287	0.081	1.180	0.239
Age	0.181	1.673	0.096	0.262	2.604	0.010	0.224	2.112	0.036
Ethnicity	-0.163	-2.276	0.024	-0.096	-1.429	0.155	-0.159	-1.815	0.071
Educational qualification	-0.151	-1.781	0.077	-0.098	-1.249	0.213	-0.103	-1.309	0.192
Job position	0.211	2.322	0.021	0.198	2.363	0.019	0.220	2.553	0.011
Tenure	-0.191	-1.934	0.055	-0.155	-1.703	0.090	-0.142	-1.551	0.123
Annual income	-0.071	-0.668	0.505	-0.073	-0.741	0.460	-0.090	-0.906	0.366
<b>Main effect</b>									
High-performance work practices (HPWP)				0.398	5.803	0.000	0.282	0.282	0.778
<b>Interaction effect</b>									
HPWP x Religiosity							0.314	1.119	0.264
R <sup>2</sup>	0.084			0.227			0.233		
Adjusted R <sup>2</sup>	0.049			0.193			0.195		
F-value	2.411			6.696			6.100		

## 6.7 T-Test and Analysis of Variance (ANOVA): Differences between Groups

T-test and ANOVA were conducted to explore differences between groups. Mean scores were used to compare groups for gender, age, ethnicity, educational qualification, job position, tenure, annual income, sub-sectors and the number of times employees had changed jobs, as elaborated below.

### *Gender*

An independent sample t-test was conducted to compare the engagement scores for males and females (Table 6.17). The results showed there were no significant differences in scores for males (M=4.84, SD=0.86) and females (M=4.86, SD=0.88;  $t(256) = -0.252, p=0.80$ ).

**Table 6.17: T-Test – Gender**

Variable	Mean (Male)	Mean (Female)	T-value	Significant
Engagement	4.84	4.86	-0.252	0.80

### ***Age***

A one-way between-groups analysis of variance was conducted to explore the impact of age on engagement (Table 6.18). Employees were divided into four groups according to their age. Levene's test for homogeneity of variance was greater than 0.05 ( $p=0.356$ ), which meant that the study did not violate the homogeneity of variance assumption. However, there was no statistically significant difference at the  $p<0.05$  level in engagement scores for the four age groups ( $p=0.067$ ).

**Table 6.18: ANOVA – Age**

<b>Variable</b>	<b>Mean (Under30)</b>	<b>Mean (31 to 40)</b>	<b>Mean (41 to 50)</b>	<b>Mean (51 and over)</b>	<b>F-value</b>	<b>Significant</b>
Engagement	4.86	4.74	4.93	5.37	2.417	0.067

### ***Ethnicity***

A one-way between-groups analysis of variance was conducted to explore the impact of ethnicity on engagement (Table 6.19). Employees were divided into three groups according to their ethnicity: Malay, Chinese and Indian. Levene's test for homogeneity of variance was greater than 0.05 ( $p=0.275$ ), which meant that the study did not violate the homogeneity of variance assumption. However, there was no statistically significant difference at the  $p<0.05$  level in engagement scores for the three ethnicity groups ( $p=0.092$ ).

**Table 6.19: ANOVA – Ethnicity**

<b>Variables</b>	<b>Mean (Malay)</b>	<b>Mean (Chinese)</b>	<b>Mean (Indian)</b>	<b>Mean (Others)</b>	<b>F-value</b>	<b>Significant</b>
Engagement	4.89	4.90	4.53	4.02	2.167	0.092

### ***Educational qualification***

A one-way between-groups analysis of variance was conducted to explore the impact of educational qualification on engagement (Table 6.20). Employees were divided into four groups according to their educational qualification: secondary school and below, diploma, bachelor's degree or professional certificate, master's degree, doctorate or

higher. Levene's test for homogeneity of variance was greater than 0.05 ( $p=0.831$ ), which meant that the study did not violate the homogeneity of variance assumption. The results also showed a statistically significant difference at the  $p<0.05$  level in engagement scores for the four groups ( $p=0.027$ ). The *post hoc* comparisons test indicated that the mean score for those with a certificate or diploma ( $M=4.99$ ,  $SD=0.79$ ) was significantly different from those who had a degree or professional qualification ( $M=4.69$ ,  $SD=0.91$ ). Despite reaching statistical significance, the actual difference in means scores between the groups was quite small. The effect size, calculated using eta squared, was 0.04.

**Table 6.20: ANOVA – Educational qualification**

Variable	Mean (Secondary school and below)	Mean (Certificate/ Diploma)	Mean (Degree/ Professional)	Mean (Master's/ Doctorate/ Higher)	F-value	Significant
Engagement	5.02	4.99	4.69	5.10	3.104	0.027

### ***Job position***

A one-way between-groups analysis of variance was conducted to explore the impact of job position on engagement (see Table 6.21). Employees were divided into three groups according to their job position: executive level, supervisory level, and top management and above. Levene's test for homogeneity of variance was greater than 0.05 ( $p=0.436$ ), which meant that the study did not violate the homogeneity of variance assumption. The results also showed a statistically significant difference at the  $p<0.05$  level in engagement scores for the three groups ( $p=0.007$ ). The small effect size, calculated using eta squared, was 0.05. This means only 5% of the variance in engagement was explained by job position. *Post hoc* comparisons using the Tukey HSD test indicated that the mean score for executive level ( $M=4.79$ ,  $SD=0.87$ ) was significantly different from that for top management ( $M=5.67$ ,  $SD=0.64$ ). The supervisory level ( $M=4.84$ ,  $SD=0.81$ ) did not differ significantly from either executive or top management.

**Table 6.21: ANOVA – Job position**

Variable	Mean (Executive level)	Mean (Supervisory level)	Mean (Top management and above)	F-value	Significant
Engagement	4.79	4.84	5.67	4.147	0.007

### *Tenure*

A one-way between-groups analysis of variance was conducted to explore the impact of tenure on engagement (Table 6.22). Employees were divided into four groups according to their tenure: 4 years and less, 5 to 7 years, 8 to 10 years, and 11 years and above. Levene’s test for homogeneity of variance was less than 0.05 ( $p=0.009$ ), which meant that the study violated the homogeneity of variance assumption. For this reason, the Brown-Forsythe tests were used to test for equality of group means without assuming homogeneity of variance. The tests indicated a significant difference in the tenure group ( $p=0.042$ ). *Post hoc* comparisons using the Tukey HSD test indicated that the mean score for those who had worked in the organisation for four years or less ( $M=4.93$ ,  $SD=0.77$ ) was significantly different from that of those who had worked between 8 and 10 years ( $M=4.25$ ,  $SD=1.26$ ). Employees with a tenure of 5 to 7 years ( $M=4.79$ ,  $SD=0.86$ ) and 11 years and above ( $M=4.91$ ,  $SD=0.84$ ) did not differ significantly from the other two groups.

**Table 6.22: ANOVA – Tenure**

Variable	Mean (4 years and less)	Mean (5 to 7 years)	Mean (8 to 10 years)	Mean (11 years and above)	F-value	Significant
Engagement	4.93	4.79	4.25	4.91	3.808	0.042

### *Annual income*

A one-way between-groups analysis of variance was conducted to explore the impact of annual income on engagement (Table 6.23). Employees were divided into five groups according to their annual income: less than RM40,000, between RM40,000 and RM80,000, between RM80,001 and RM120,000, between RM120,001 and



RM160,000, and RM160,001 and above. Levene’s test for homogeneity of variance was greater than 0.05 ( $p=0.138$ ), which meant that the study did not violate the homogeneity of variance assumption. However, the results did not show a statistically significant difference at the  $p<0.05$  level in engagement scores for the five groups ( $p=0.061$ ).

**Table 6.23: ANOVA – Annual Income**

Variable	Mean (Less than RM40,000)	Mean (RM40,001 – 80,000)	Mean (RM80,001 – 120,000)	Mean (RM120,001 – 160,000)	Mean (RM160,000 and above)	F-value	Significant
Engagement	4.93	4.74	4.83	5.68	5.50	2.279	0.061

### ***Financial sector: sub-sectors***

A one-way between-groups analysis of variance was conducted to explore the impact of sub-sectoral groups on engagement (Table 6.24). Employees were divided into three groups according to their sub-sector: commercial banks, cooperative banks and insurance organisations. Levene’s test for homogeneity of variance was less than 0.05 ( $p=0.004$ ), which meant that the study violated the homogeneity of variance assumption. For this reason, the Brown-Forsythe tests were used to test for equality of group means without assuming homogeneity of variance. The tests indicated there was no significant difference in the sub-sectoral group ( $p=0.231$ ).

**Table 6.24: ANOVA – Type of sector**

Variable	Mean (Commercial)	Mean (Cooperative)	Mean (Insurance)	F-value	Significant
Engagement	4.80	5.05	5.08	1.890	0.231

### ***Changing jobs***

A one-way between-groups analysis of variance was conducted to explore the impact of changing jobs on engagement (Table 6.25). Employees were divided into four groups according to the number of times they had changed jobs: never, 1 to 3 times, 4 to 6 times, 7 times or more. Levene’s test for homogeneity of variance was greater than 0.05 ( $p=0.669$ ), which meant that the study did not violate the homogeneity of variance assumption. The small effect size, calculated using eta squared, was 0.03.

This meant only 3% of the variance in engagement was explained by changing jobs. The results also showed a statistically significant difference at the  $p < 0.05$  level in engagement scores for the four groups ( $p = 0.04$ ).

**Table 6.25: ANOVA – Changing jobs**

Variable	Mean (Never)	Mean (1 to 3 times)	Mean (4 to 6 times)	Mean (7 times or more)	F-value	Significant
Engagement	4.81	4.80	5.20	5.80	2.819	0.040

### *Highly engaged versus lowly engaged employees*

An independent sample t-test was conducted to compare the engagement scores for those who were highly engaged to those who were lowly engaged in their jobs (Table 6.26). There was no significant difference in scores for religiosity. However, engagement scores for both empowering leadership variables and high-performance work practices variables were significantly different. For empowering leadership behaviour, the results showed that there were significant differences in scores between those who were highly engaged ( $M = 4.89$ ,  $SD = 0.1.12$ ) and those who were lowly engaged ( $M = 3.24$ ,  $SD = 1.120$ ;  $t(248) = 5.005$ ,  $p = 0.000$ ). In terms of high-performance work practices, the results showed there were significant differences in scores between those who were highly engaged ( $M = 4.54$ ,  $SD = 0.86$ ) and those who were lowly engaged ( $M = 3.19$ ,  $SD = 1.32$ ;  $t(234) = 4.729$ ,  $p = 0.000$ ). The magnitude of the differences in the means had a moderate effect ( $\eta^2 = 0.09$ ). Therefore, about 9% of the variance in engagement was explained by empowering leadership behaviour and 9% of the variance in engagement was explained by high-performance work practices. However, the unbalanced sample of these two groups, i.e., highly engaged ( $n = 238$ ) as opposed to lowly engaged ( $n = 12$ ), may provide some limitation to this finding.

**Table 6.26: T-Test comparing employees of high and low engagement levels**

Variables	Highly engaged (mean)	Lowly engaged (mean)	Significant level	t-value	Effect size
Empowering leadership behaviour	4.89	3.24	0.000	5.005	0.092
High-performance work practices	4.54	3.19	0.000	4.729	0.095
Religiosity	6.60	6.40	0.485	0.736	0.002
N	238	12			

In summary, the results provided significant support for the hypothesised relationships (Table 6.27). There was support for the predicted relationships between empowering leadership behaviour and employee engagement (Hypothesis 1) and between high-performance work practices and employee engagement (Hypothesis 2). Religiosity was also found to predict the variance in employee engagement (Hypothesis 3). Hypotheses 4 and 5 proposed a moderated role of religiosity in these relationships. The analysis revealed that religiosity moderated the relationship between empowering leadership behaviour and employee engagement (Hypothesis 4). However, the analysis conducted for Hypothesis 5 did not support the hypothesis. Religiosity did not moderate the relationship between high-performance work practices and employee engagement. Next, these results will be discussed with reference to institutional theory and existing empirical research on employee engagement, in the context of the aim of the study.

**Table 6.27: Summary of hypotheses testing**

Hypotheses	Results
Hypothesis 1	Supported
Hypothesis 2	Supported
Hypothesis 3	Supported
Hypothesis 4	Supported
Hypothesis 5	Not supported

## **6.8 Discussions**

### ***Demographic characteristics of respondents***

The gender split in the study is representative of the workforce in Malaysia. In 2010, 163,500 males (44.4%) and 204,594 females (55.5%) were registered with the Labour Department of Malaysia (Ministry of Human Resource 2011). In terms of age, Malaysia's workforce comprises 33% under 30, 28% between 31 and 40, 23% between 41 and 50, 13% between 51 and 60, and only 3% over 61 (Department of Statistics 2011). The majority of the workforce in Malaysia are Malays (65%), followed by Chinese (27%) and Indians (8%). The large number of Malay respondents was a result of the field issues discussed in Chapter 4. The ethnicity of the researcher, i.e., Malay, played a role in getting approval for the study from top management as it was easier to communicate and 'break the ice' with people of the same ethnicity. However, the large number of Malay respondents in this case was advantageous as part of the study was to test the religiosity of Muslim people – and the Malay people in Malaysia are Muslims. Further, the imbalance in the sample distribution of ethnicity did not affect the research results because no significant differences in behaviour were found between these groups of respondents, as discussed above.

### ***Group comparisons***

The findings from t-tests and ANOVA indicated that there were no significant group differences in age, gender, ethnicity, annual income and type of sectors. However, the study found significant differences in groups for education level, job position, tenure and the number of times employees had changed jobs. First, employees who had a certificate or diploma significantly differed from those with a degree in terms of their engagement level. Those with a degree seemed to have a higher engagement level. Second, top management seemed to be more engaged than the executive level. Third, in terms of tenure, it seemed that employees who had worked for less than five years were more engaged than those who had worked in the organisation between 8 and 10 years. Individuals who are fairly new to the organisation may find their job more interesting and challenging, and thus become more engaged than those who have been in the company longer. Lastly, in terms of the number of times in changing jobs, employees who changed their job only one to three times significantly differed from those who had changed more than seven times. Interestingly, employees who changed

jobs frequently seemed to be more engaged at work. However, these significant differences should be treated with caution as the effect size was very small.

### ***Relationship between empowering leadership behaviour and employee engagement***

This set of analyses revealed that empowering leadership behaviour was significantly related to employee engagement. The finding is consistent with the new trend of encouraging employees' autonomy, in accordance with Bandura's (2002) concept of self-efficacy, which is enhanced by emotional support, words of encouragement and positive persuasion. Leaders who provide this support facilitate employees' understanding of organisational goals and enhance employees' work roles. The study posited that this form of facilitation creates a stimulus to employee engagement. Similar to the Western experience, the introduction of autonomy and empowerment has not only materialised in the Malaysian setting but has also modernised and changed employee experience. Further, two particular characteristics – participative decision making and coaching – seem to have high significance in employee engagement. Being able to participate in decision making at work seems to increase a person's level of engagement. However, too much coaching can cause demotivation among employees as they may feel that they are being too closely supervised and monitored at their job.

There is evidence that the degree to which individuals experience engagement is strongly influenced by whether they can contribute decisions to the team or department. Among the five characteristics of empowering leaders, participative decision making was deemed significantly important to employee engagement. When leaders promote employees' participation in organisational plans and goals, the employees' intrinsic motivation is affected, thus increasing their level of motivation at work and satisfying the important psychological needs for responsibility and autonomy at work. As reported by Arnold and colleagues (2010), participative decision making increases employees' feelings of self-efficacy and control. The finding is also consistent with a study by Lashinger, Finegan and Wilk (2009), which suggested that for an autonomous environment to work, a leader needs to motivate employees to participate in attaining organisational goals.

The gradual shift from bureaucratic layers of management to flatter organisations has also contributed to a different approach by leaders. The study found that coaching has also been practised widely in these organisations. However, the survey study found that coaching relates negatively to employee engagement. Although a leader's guidance appears to be pertinent in internalising engagement, too much coaching may lower employees' level of engagement due to it taking away their freedom in doing their work. Employees may feel that they are being too closely monitored, which may decrease their confidence to participate in decision making. Contrary to past studies by Hakanen, Bakker and Schaufeli (2006) and Saks (2006), this survey study found that high supervisory guidance relates negatively to work engagement and ultimately influences the performance level of subordinates.

### ***Relationship between high-performance work practices and employee engagement***

This set of analyses provided evidence that high-performance work practices do exist in the financial sector in Malaysia. This indicates that these organisations have indeed become more collectivistic and less hierarchical, as found by Aycan (2001) in Turkish firms. High-performance work practices were found to be significantly related to employee engagement. The new set of management practices which embraces employee involvement and higher responsibility positively encourages employees to become more engaged at work. Consistent with previous studies (Konrad 2006, for example), the adoption of a new work system that is highly characterised by problem-solving groups, information sharing, comprehensive training and participative decision making generates a positive attitude. This positive attitude produces behaviour indicative of highly engaged employees. Employees seem to go beyond their job requirements in order to contribute to the organisation's success.

In line with the concept of an autonomous work system, the systematic nature of HPWP allows employees to become personally invested in making the system a success. The study found that there was a significant difference between highly engaged and lowly engaged employees in predicting the relationship between HPWP and engagement, with the highly engaged having a more positive view of the relationship. In this respect, it could be argued that one of the positive consequences of

being highly engaged is that individuals in this group feel that HPWP leads to better performance outcomes. For example, comprehensive training as part of HPWP is the basis for employees' career advancement. Comprehensive training provides employees with the necessary skills to perform their jobs more effectively, which in turn probably causes them to become more engaged. The assumption of this study that, if HPWP are properly configured, they contribute significantly to employee engagement is supported.

There is also evidence to suggest that being selective in recruiting new entrants is highly significant in these organisations. Finding the right person to fit the job seems to have a large impact on an employee's level of engagement. This finding contributes important supporting evidence of the central role of the recruitment process in influencing high-performing employees. The employment practices in these organisations can be seen as helping the organisation to attract employees who will be satisfied with their job because of the job fit, which increases their engagement level. The result also indicates the importance of an appropriate recruitment and selection process in order to acquire appropriate human resources in line with organisational aims and objectives.

### ***Relationship between religiosity and employee engagement***

This study hypothesised a positive relationship between religiosity and the degree of employee engagement, in line with previous literature suggesting that people of higher Islamic religiosity are more inclined to work because of Islam. As Tayeb (1997) argued, in Islam, people see work as obligatory and a self-reliant source of success. In Islam, life without work has no meaning and engagement in economic activities is an obligation for all Muslims. It was said by the Prophet Muhammad, 'No one eats better food than that which he eats out of his work'. Previous studies on Muslim managers and employees have also reported that management practices are strongly influenced by their religious beliefs and religious prescriptions (Abuznaid 2006; Ali & Al-Owaidan 2008; Randaree & El-Faramawy 2011). Thus, there is evidence to support the proposition that Muslim employees in the financial sector see work as a part of their worship to God. In line with this study, because Islamic values do have consequences for organisations, they have been incorporated in the system advocated by the

Malaysian government. In his study of the Islamisation process in Malaysia, Endot (1995) identified eleven basic values of Islam that lead to a respectable nation: trustworthiness, responsibility, sincerity, discipline, dedication, diligence, cleanliness, cooperation, good conduct, gratefulness and moderation. These values shape employees' behaviour at work.

### ***Relationship between empowering leadership behaviour, religiosity and employee engagement***

The finding of the relationship between these three elements is consistent with the empirical evidence from the literature on religiosity in relation to the importance of leadership roles in engaging employees. Islam promotes loyalty, respect for age and seniority, obedience to leaders and looking up to seniors for direction. The significant effect of religiosity found in this study is due to the facts that Islam also asserts that relationships between people should be egalitarian and urges leaders to consult their followers in the running of their affairs (Tayeb 2001). In the context of the Malay Muslims, a leader should be shown the proper respect and, in return, the leader should encourage participative discussions with subordinates. Working harmoniously with one's leader is one of the teachings of the *Quran*, as explained in Chapter 3. Islamic ethics advocate work to give meaning to life and economic activity as an obligation, with dedication to work a virtue (Yousef 2000). This suggests that empowering leadership behaviour would have a greater effect on the engagement level of an employee who experiences a higher feeling of religiosity. As Latifi (1997) suggested, a Muslim is often identified with the following work-related characteristics: (1) individual responsibility within a framework of cooperation with others; (2) kind treatment of subordinates by people in positions of power, who should treat subordinates as if they were their own brothers or sisters; (3) fatalism and recognition of personal choice; and (4) encouragement of consultation at all levels of decision making. It seems that the emotional support that religious individuals receive from their social networks, in this case including leaders, has been shown to bring positive outcomes. Through strong, supportive and religious relationships, employees appear better equipped to cope with challenges at work and appear to find their work more meaningful. Undoubtedly, this influences their level of engagement in their job.



### ***No relationship between high-performance work practices, religiosity and employee engagement***

This set of analyses revealed that religiosity was not a significant moderator of the positive relationship between high-performance work practices and employee engagement. It seems that this non-significant finding may in part be due to the substantial distinctiveness of the HR system itself. The HR variables may present a higher direct effect on the extent to which individuals feel engaged in their job. There could also be other significant factors that moderate the relationship between HPWP and employee engagement. The results obtained in this study may be explained by the fact that HPWP is not properly implemented. It is also conceivable that the norms of the employees in relation to HPWP play a stronger role in determining their level of engagement than religiosity does.

## **6.9 Summary**

This chapter has presented the results by testing the hypotheses proposed in Chapter 2. Empowering leadership behaviour was found to have a significant and positive relationship with employee engagement. The findings also showed that religiosity plays a moderating role in this relationship. It seems that when leaders have empowering behaviour, employees who are highly religious are more engaged at work than those who are not religious. Further, the findings provide support that HPWP have direct and positive effects on employee engagement. However, religiosity does not moderate the relationship between HPWP and engagement. The next chapter correlates the quantitative and qualitative findings and discusses the contributions of this study and their implications.

## CHAPTER 7: CONCLUSIONS

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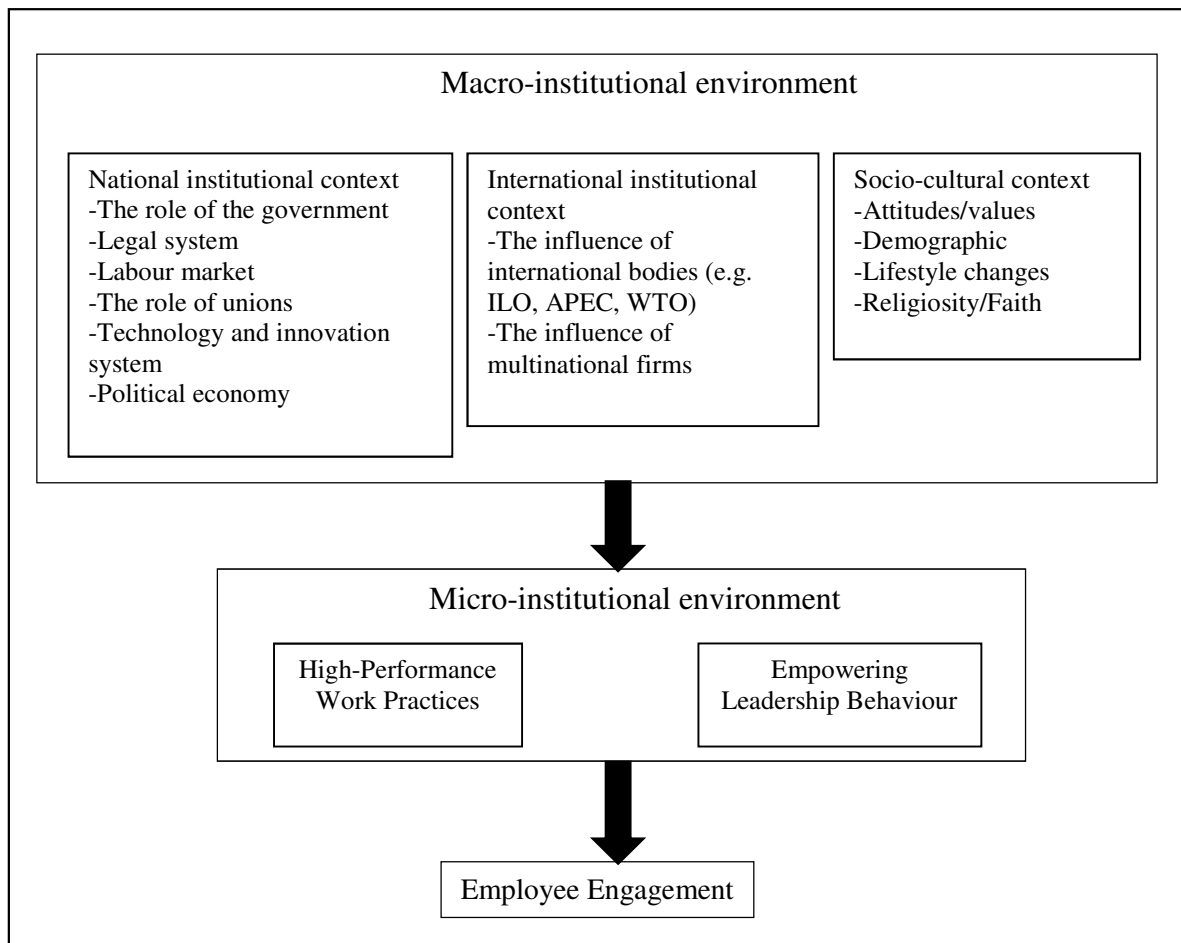
### 7.1 Introduction

The main aim of this thesis was to examine the factors that influence employee engagement in the Malaysian context. The rationale for the study was the limitation of the single-level conceptualisation of employee engagement in mainstream research, which has failed to capture the relational interplay that is evident in a contextual and multilevel conceptualisation of engagement (Figure 7.1). The objective of the study was to propose a framework that would bridge the macro- and micro-institutional levels of analysis in understanding employee engagement. The study has achieved this by incorporating three multilevel factors:

- The individual level: leaders' behaviour, norms and values, specifically, empowering leadership behaviour
- The organisational level: the adoption of a new form of human resource management known as high-performance work practices
- The societal level: the role of personal resources in the Malaysian societal context, specifically, religiosity

This concluding chapter provides an overview of the findings in relation to the three broad research questions that are the focus of the thesis. The chapter begins by answering the three major research questions. This is followed by a discussion of the theoretical and methodological contributions of the research and the practical HRM implications. The chapter concludes by considering the limitations of the study and highlighting important areas for future research.

**Figure 7.1: Integrating the macro- and micro-institutional environments**



Source: Adapted and expanded from Cooke (2008a, p. 6)

## 7.2 Triangulation and Corroboration of Study 1 and Study 2

Erzberger and Kelle (2003) argued that one approach in combining different data which are of equal weight and which facilitate clear identification of the links between the levels of theory, epistemology and methodology could be to frame triangulation as a ‘methodological metaphor’. This assists in describing the logical relations between qualitative and quantitative results and in facilitating an improved understanding of the phenomenon under study. As Tashakori and Creswell (2007) stated, mixed-method research requires the investigator to collect and analyse data, and then to integrate the findings and draw inferences using both qualitative and quantitative approaches. In this study, the data from Studies 1 and 2 are integrated (Table 7.1 and Table 7.2) to provide a complete picture developed from both data sets. Having presented results and discussions from Study 1 and Study 2, the objective now is to pull together the threads of both results and provide a synthesis of the research to answer the major research questions.

**Table 7.1: Key findings from Study 1**

<b>Dimensions</b>	<b>Drivers of employee engagement</b>	<b>Inhibitors of employee engagement</b>
<b>Leadership behaviour</b>	<ul style="list-style-type: none"> <li>• Showing concern over work-related, personal and family matters (paternalistic leadership)</li> <li>• Employees endorsed leadership behaviour that encourages participation</li> <li>• Coaching by leaders</li> <li>• Leading by example</li> <li>• Communication from leaders</li> </ul>	<ul style="list-style-type: none"> <li>• Nepotism (favouritism) proliferates throughout organisation</li> <li>• Utilitarian approach will not lead to greater engagement</li> <li>• High level of coaching may be detrimental</li> <li>• Non-transparency by top management (affecting changes in KPI)</li> </ul>
<b>HR practices</b>	<b>Reward</b>	
	<ul style="list-style-type: none"> <li>• Individual-based rewards</li> <li>• Team-based rewards</li> </ul>	<ul style="list-style-type: none"> <li>• Bell-shaped curve reward system</li> <li>• 'Favoured' employees receive higher rewards</li> <li>• Unavailability of a transparency reward system</li> </ul>
	<b>Training</b>	
	<ul style="list-style-type: none"> <li>• Islamic form of training has the greatest effect on engagement</li> <li>• Preference for on-the-job training as opposed to formal training, in line with preference for leadership coaching</li> </ul>	<ul style="list-style-type: none"> <li>• Training offered does not 'fit' the employee's job</li> <li>• Forcing employees to attend training without their consent</li> </ul>
	<b>Participative decision-making program</b>	
	<ul style="list-style-type: none"> <li>• Increased autonomy in decision making</li> </ul>	<ul style="list-style-type: none"> <li>• Co-existence of younger and older generations</li> <li>• Intragroup versus intergroup interests</li> <li>• Existence of red tape slows down the participation process</li> </ul>
	<b>Development and appraisal</b>	
	<ul style="list-style-type: none"> <li>• Career development plan</li> </ul>	<ul style="list-style-type: none"> <li>• Similar criteria &amp; goals across different jobs</li> <li>• Altering KPI without informing employee</li> <li>• Top management and HR department have full power over KPI</li> </ul>
<b>Formal grievance system</b>		
	<ul style="list-style-type: none"> <li>• Voicing complaints is not encouraged; saving face is more important</li> <li>• Top management as 'voice' of employees but often this is not the case</li> <li>• No union or limited in-house union</li> </ul>	
<b>Selective staffing</b>		
<ul style="list-style-type: none"> <li>• Finding the right fit between the people and the job</li> </ul>	<ul style="list-style-type: none"> <li>• Inconsistency of HR team, giving false hope to internal employees</li> <li>• The culture of 'poaching'</li> <li>• Selection based on 'who you know'</li> </ul>	
<b>Religiosity</b>	<ul style="list-style-type: none"> <li>• Moral obligation to work</li> <li>• Being happy</li> <li>• Being proactive</li> <li>• Focus on positive matters</li> <li>• High internal control and consciousness</li> <li>• Connecting with others (the concept of Islamic <i>ummah</i>)</li> </ul>	

Source: Compiled from interview data

**Table 7.2: Results of hypotheses testing from Study 2**

<b>Hypotheses</b>	<b>Results</b>
<b>Hypothesis 1:</b> Empowering leadership behaviour will significantly predict the variance in employee engagement among employees in the financial sector in Malaysia.	Supported
<b>Hypothesis 2:</b> High-performance work practices will significantly predict the variance in employee engagement among employees in the financial sector in Malaysia.	Supported
<b>Hypothesis 3:</b> Personal resources such as religiosity will significantly predict the variance in employee engagement among employees in the financial sector in Malaysia.	Supported
<b>Hypothesis 4:</b> Religiosity moderates the relationship between empowering leadership and employee engagement. Empowering leadership behaviour has a stronger and more positive relationship with employee engagement among employees who exhibit a high level of religiosity than employees who exhibit a low level of religiosity.	Supported
<b>Hypothesis 5:</b> Religiosity moderates the relationship between high-performance work practices and employee engagement. High-performance work practices have a stronger and more positive relationship with employee engagement among employees who exhibit a high level of religiosity than among employees who exhibit a low level of religiosity.	Not supported

Source: Compiled from the survey data

***Research Question 1: What form of empowering leadership plays a significant role in engaging employees at work and how does it occur?***

The study revealed five themes of empowering leadership behaviour – showing concern, participative decision making, leading by example, coaching and communicating – that significantly impact on employee engagement. This finding is an addition to the findings on employee engagement by previous studies, which predominantly did consider a supervisor’s support as enhancing engagement but failed to identify the type of support that has this positive effect. Similarly to Western studies, this study provides evidence that empowering leadership behaviour is

important in a modern work organisation that is characterised by high autonomy and decentralisation.<sup>2</sup>

The findings from Studies 1 and 2 show that a leader showing concern plays a pertinent role in influencing employee engagement. Certainly, this seems to be the case for the financial sector in Malaysia. In the interviews in particular, employees strongly expressed the importance of leaders showing concern not only over work-related matters but also over family and personal matters. Work-family centrality is driven by the institutional conditions in these organisations. It seems that in a collectivistic society such as Malaysia, having a caring leader who is constantly interested in the well-being of employees positively influences employee engagement. In the Western setting and in previous employee engagement studies, the concept of showing concern relates only to work-related matters. This significance difference has strong implications for other countries in the developing world that have a similar collectivist and paternalistic culture to Malaysia. Paternalism in the Asian setting emphasises treating subordinates as if they were part of the extended family to obtain loyalty and deference (Chao 1990). The study concurs with Zhu et al.'s (2012) view that paternalistic HR practices form a reciprocal, cooperative style of management in which the employer acknowledges and considers employees' rights and feelings. From the study, it is evident that a 'fatherly' benevolent management is a crucial element in employee motivation, and for obtaining and maintaining committed employees in the financial sector in Malaysia.

Further to the point made above, encouraging employees to participate in decision making and paying close attention to employees' development by coaching them were also found to be significant in employee engagement. Being able to participate means that leaders and organisations recognise employees' efforts and skills. Eventually, an employee becomes more engaged due to the recognition given by leaders. Being able to be mentored by the immediate supervisor is ideal for an employee to be motivated at work. As mentioned above, in a paternalistic culture, close supervision can be seen as

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<sup>2</sup>Decentralisation in this study, however, generally applies within departmental level.

leaders being concerned about subordinates. However, some evidence from Study 2 shows that too much supervision can be detrimental to an employee's level of engagement. Therefore, although close supervision is ideal in the Malaysian setting, a leader should recognise their limit in terms of supervising their employees in order for the employees not to feel that their freedom at work is being taken away.

There was some evidence from Study 1 to suggest that leaders may treat employees who perform well differently from those who perform poorly. This utilitarian approach in managing employees is well-documented (Driver 2009; Rosen 2003; Bayles 1968). The utilitarian approach states that, of the various possibilities in any given case, we ought to choose that which will produce the greatest good and happiness for the greatest number (Jones 1980). With this approach, the role of leaders would be to act in the best interests of everyone, including themselves. Yet the findings provide evidence that instead of focusing on a democratic approach, leaders tend to base their attention on those who do well, which prejudices the interests of others. This so-called 'preference utilitarianism' advocated by Harsanyi (1977) reasons that the ultimate criterion for leaders can only be their own interests and preferences. It is arguable that this form of 'hypocrisy' in leadership behaviour does not contribute much to enhancing engagement among employees. Being undermined by a supervisor, alone, can create unfavourable subordinate reactions (Greenbaum et al. 2012). Indeed, numerous studies on 'bad' leadership have implied that employees may respond even more unfavourably to this treatment (Tepper 2007). Those who do not perform well may become less engaged and their career development may deteriorate.

Overall, the findings demonstrate that empowering leadership behaviour plays a significant role in engaging employees at work through five various forms. The implications of these findings are discussed in detail later in the chapter.

***Research Question 2: Do high performance work practices exist in the Malaysian organisations? If so, how do they impact on the level of engagement?***

The results from both Studies 1 and 2 demonstrate that there is heterogeneity in the views of HR practices by employees. In general, there is evidence that high-

performance work practices do exist in these organisations, albeit there are some 'glitches' in the system. One aspect of the evidence is the application and adoption of high-performance practices in the vision and mission of the organisations to ensure that all organisational plans are in line with the concept of being a high-performing entity. The practices of pay for performance, increasing autonomy in decision making, career development plans, selective staffing and comprehensive forms of training, all of which are high-performance practices, were discovered to exist in these organisations.

In terms of the rewards system, there has been some convergence towards the Western-style HRM where performance-related reward is practised. The salary and reward scheme puts a high emphasis on individual ability to perform and thus it assists in stimulating engagement. Nevertheless, it was significant that the majority of the employees mentioned the problem of the bell-shaped curve in their reward system. Employees felt they were not fairly rewarded because the system adheres to the expectation that each department will have high performing and low performing employees, regardless of whether it is true or not. This form of unfair distribution causes employees to question the HR system. In relation to this, although promotions and salary raises are closely tied to performance appraisal, there were some negative remarks about the way performance appraisal is carried out. The evidence from Study 1 indicates that organisational politics still proliferate in these organisations. The fact that favouritism still exists somewhat hampers the adoption of HPWP.

The results from this study indicate the importance of the selection process. Employees seem to think that the causal agent of engagement begins at the *root*. Although these organisations utilise many techniques in recruiting employees to ensure there is a person-job fit, most of these organisations in the financial sector still use formal selection processes, such as the case study method, mathematical tests and psychological tests. Selection is usually carried out by testing candidates with the case study method, thus ensuring the candidates are well versed in the requirements of the job and could solve the problem presented to them. Findings from both Studies 1 and 2 provided evidence that the selection process plays a significant role in employee engagement. It was also discussed in Study 1 that employees have to go through a



rigorous selection process before offered a position. Nevertheless, one assumption in the selection process is that employees who apply for a job 'want' the job due to interest. It should be noted that employees could apply for the job for reasons other than their interest in it, for example, to earn a living or to try something new. Realistic job previews, more often than not, were not disclosed to candidates.

While the role of employees in teams (i.e., departments) supports a high-performance system, the actual HR department practices in each institution can be in conflict with a high-performance system. In relation to participative decision making, both Studies 1 and 2 indicated that employees are, to a certain extent, able to participate in contributing to organisational plans, goals and decisions. In particular, the employees in Study 1 expressed their interest in participating in organisational decisions and, generally, most employees were able to take part in decision making. However, this power of decision making only applies to departmental level and, at times, intra-departmental level. HR decisions, particularly in regard to determining KPI measures for individual employees, are still made at the top management level.

The findings from Study 2 indicate that while a formal grievance system is deemed to be significant in employee engagement, the notion of having the right to be heard as a fundamental principle has not been fully adopted. Evidence from Study 1 points out that the professional employees, i.e., executives and managers, are not protected under any union or other representative body. The current union, the National Union of Bank Employees of Malaysia (NUBE), only protects those at non-managerial levels such as clerks and administrative officers. Employees expressed the need to have, at the very least, an in-house union or other representative body to advance their interests and resolve problems. The outlook is not hopeful. It is not so much that union activities are severely restricted as that employees are often afraid to speak up for fear of reprisal. For example, some employees felt they would be stigmatised and ostracised if they ever complained about their employer or the system. Additionally, the culture in the Asian setting emphasises the concept of 'saving face'. Thus, employees were encouraged to discuss any problems with their superiors individually instead of advancing their interests as a group. This poor bargaining position of employees is

mostly due to the nature of union activities in Malaysia, where industrial relations legislation at the management level is widely ignored.

The organisations which participated in this research advocated the high-road approach to HR practice. However, from the employees' perspectives, issues such as nepotism or favouritism, unfairness in the reward system, lack of a formal grievance system and lack of communication with the HR department still proliferate throughout these organisations. This hinders the successful implementation of HPWP. The study contends that, as long as HPWP are not properly configured, adopting HPWP will not be effective. Hence, although these organisations emphasise the concept of HPWP in their vision and mission statements, the goal seems quite disconnected from actual practices due to many cultural factors. Indeed, the bigger institutional picture involves a complex array of organisational pressures introduced by the management in the absence of employees' participative role at the top level. For instance, employees' voices were not taken into consideration when developing a new organisational mission statement or implementing new measures for KPI. The nature of these organisations is a loosely coupled hierarchy. From this perspective, what occurs at the top management is minimally connected to what occurs at the core or lower levels of the organisation. Employees perceived this as a breakdown between organisational policy and design on one hand and what is practised on the other hand.

***Research Question 3: What is the relative importance of religiosity in relation to the level of engagement at work in this Malaysian context? Does religiosity moderate the relationship between empowering leadership behaviour, high-performance work practices and engagement?***

Most science-based scholars insist that religion is not an appropriate topic for research, particularly in the science field (Bloom 2012). This study indicates otherwise. The results from both Studies 1 and 2 illustrate that religiosity constitutes an important part of employees' work routine. In terms of work-related values, many influences of social and national culture are evident. For example, in exploring the nature of the training systems in these organisations, four distinct forms were found: technical skills, soft skills, leadership skills and, most importantly, religious understanding. Employees

expressed high interest in attending the religious form of training. They felt that attending this form of training increased their motivation and re-energised them to get back to work. In most cases, employees felt 'spiritually refreshed' to go back to work. Religiosity seems to act as an important driver towards employee engagement.

Specifically, employees expressed six roles that religiosity plays in their engagement at work: treating work as a moral obligation, being happy, being proactive, focusing on positive matters, having high internal control and consciousness, and connecting with others (the concept of Islamic *ummah*). The research provides evidence that the Islamisation of institutions (facilitating Islamic practices in society) extends potently to these organisations in the financial sector. The data from the interviews clearly show that being religious is a work-related matter because Islamic principles and practices are embedded in an individual's way of life. Being religious motivates people to be persistent and to engage creatively in their work. Ultimately, the strong rationale for treating work as an honourable task is that it is an action most blessed by God. Nevertheless, in Study 2, religiosity was not found to moderate the relationship between HPWP and engagement, and that was because HPWP was not properly configured. In particular, HPWP was not offered and practised in accordance with justice, a concept which is greatly emphasised in religiosity. If HPWP were to be properly configured, that is, imbued with justice, and thus in accordance with the Islamic religion, the relationship might then be significant.

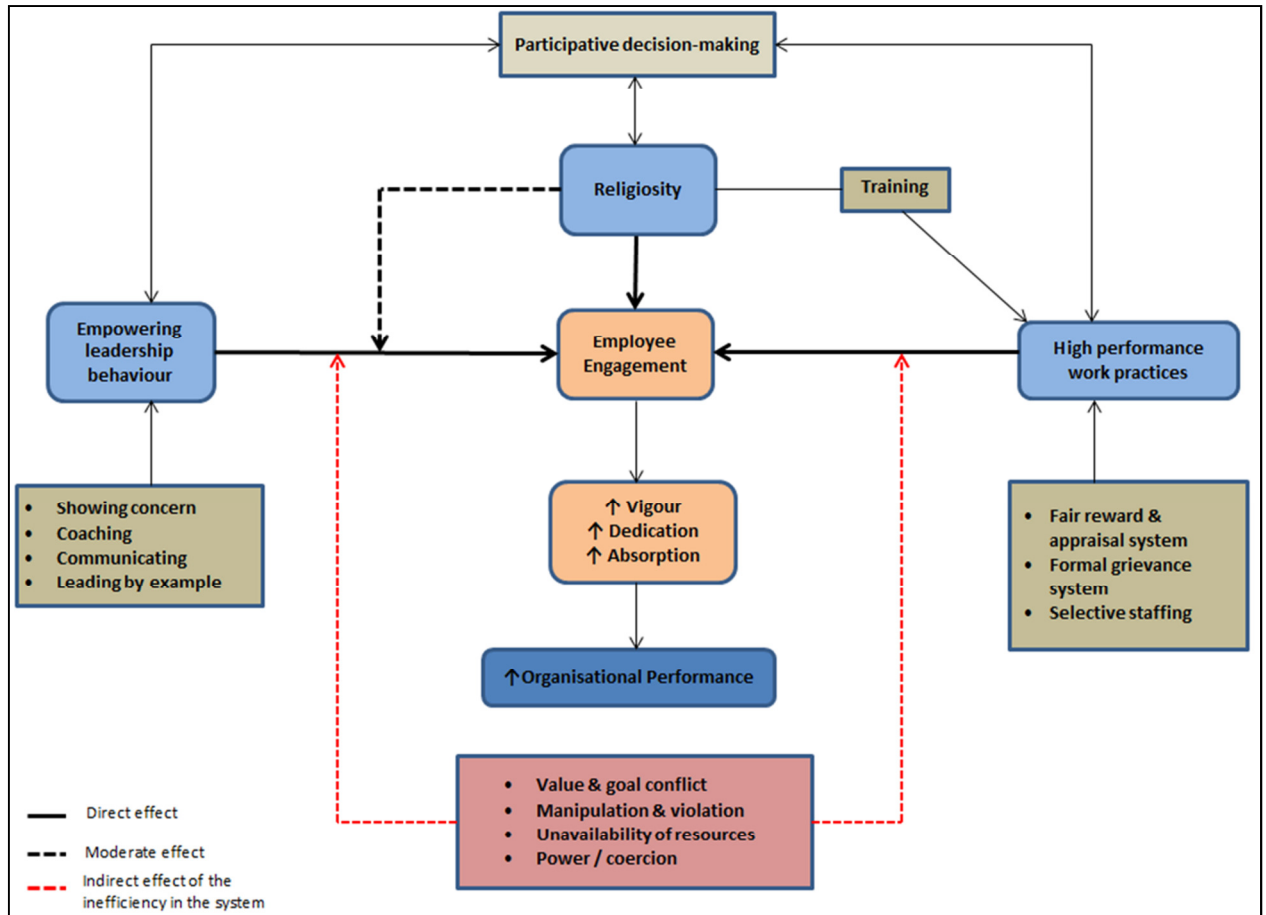
Religion as an important social institution has a strong norm-setting influence on a wide range of societal life, given that religious teachings prescribe behaviour (Parboteeah et al. 2009). In the case of Islam, work is seen as a moral obligation. The strength of religion as a social institution has a significant contextual influence in the Malaysian context. In essence, in a strong religious context, such pressures create important work expectations which cause employees to be deeply engaged in their jobs. The religious support given by employing organisations, as well as encouragement at the governmental level, plays an important role in employee behaviour. As argued by Parboteeah and colleagues (2009), if an individual is brought up and educated in a country with a strong religious environment, that individual is more likely to be exposed to values consistent with strong work obligations than an

individual living in a country with a weaker religious environment. In general, the findings from this study demonstrate that people with a strong belief in God have a high level of work obligations. The Muslim Malay participates in a complex set of social relationships at work. Religiosity acts as self-control and when the going gets tough, faith helps believers to self-regulate. Therefore, when work is viewed as a moral obligation and self-enhancement, the development of employee engagement seems optimistic.

### ***Summary***

After evaluating the institutional aspects of employee engagement, the conclusion was that there was a need to evaluate strategic HR practices using multilevel analysis that would consider both micro and macro contexts. The study discovered three general themes that play a significant role in employees' engagement at work – empowering leadership behaviour, an appropriate HPWP and an emphasis on religiosity – all of which are crucial in the development of employees, particularly the Muslim employees in the context of this research. However, while HPWP is strongly supported in theory by financial institutions and the Central Bank of Malaysia, problems within each organisation provide major hindrances to the successful implementation of the 'bundles' of HR practices. Therefore, it is important to realise that the HPWP practised in Anglo-American settings may not be necessarily be the best choice for Malaysian firms due to the very different management contexts. This study provides evidence for creating an 'ideal type' of Malaysian-based HRM-engagement model that may be more effective in the Malaysian setting (Figure 7.2).

**Figure 7.2: Integrating elements from both methodologies that influence employee engagement**



Source: Author’s interviews and survey study

Granted, there are weaknesses in the HR system in the financial sector in Malaysia. Thompson (2011) argued that the trouble with HRM is that it is ‘so entwined with the human capital narrative and the performance pot of gold at the end of the best practice rainbow for it to be any other way’. The gap between the narrative and the actual experience has become progressively wider. Employees do not want to be manipulated in the communication from their employers, and instead want to be treated with a degree of fairness and transparency. Thompson (2011) further asserted that the paradox is that recognition and regulation of employee interests is a source of potential strength for the HR function, but this potential is gradually draining away. Ultimately, as the study examined employees’ experiences of their organisations’ HR practices, the study was able to ascertain the problems with the system. The existence of value and goal conflict, manipulation and violation, unavailability of resources, and the use of power or coercion provide major impediments to employee engagement.

## **7.3 Contributions of the Study**

This study makes a number of contributions to the research on HRM. Broadly, the research contributes to generating new knowledge in relation to employees' experiences in their job and the influences of those experiences on engagement. The following sections elaborate on the theoretical contributions, the methodological contributions and the implications of this research.

### **7.3.1 Theoretical contributions**

#### ***Advancing the employee engagement model using a multilevel analysis***

The study contributes to the field of HRM by focusing on the interactive process in which institutional and cultural factors affect employee engagement at work. HR practices do not operate in isolation, and examining different levels of factors is important in understanding how and why employees are engaged. The mainstream literature on engagement has focused on single-level conceptualisations. In this research, the findings from both qualitative and quantitative analyses suggest that multilevel analysis is important in comprehending the employee engagement process. The complexities and challenges of multilevel analysis require careful application to theory and practice. This study advances the literature on employee engagement by helping theorists and practitioners understand the engagement process in a different light, that is, by examining the individual, organisational and societal levels concurrently.

#### ***Different insights into the role of leaders***

This study supports the findings of existing studies and fills a gap in the literature in relation to the debate on the influence of empowering leaders' behaviour. While intuitively obvious and possibly supported by anecdotal data, the field has lacked verifiable data to support its assertions, thus limiting theoretical progress. This study's contribution is to increase the understanding of the complex relationship between empowering leader practices and individual engagement, and to aid managers to tailor their efforts towards enhancing the engagement level of their subordinates. As early as 1976, Triandis argued that the importance of research lies in defining functional relationships between variables that should be sensitive to cultural influences. Javidan

et al. (2006) believed that the phenomenon of leadership is widely considered to be universal across cultures, but the way in which it is operationalised is usually viewed as culturally specific. The findings from this study provide evidence that in a paternalistic culture, employees' perceptions of leaders' behaviour is somewhat different from the one prevailing in other societal contexts. Thus, the theory underpinning empowering leadership behaviour differs from the ones based on Western culture. The research provides empirical evidence that showing concern is the most highly endorsed leadership behaviour in the Malaysian context. This is compelling evidence and serves to demonstrate that empowering leadership behaviour is not a universally applicable concept.

### ***Redefining the constituents of high-performance work practices***

While in the literature HPWP has been endorsed by scholars as positively affecting employee behaviour, the results from this study demonstrate that the nature of its effect on employee engagement is perhaps more complex. In line with the concept of autonomy and flexible work systems, the introduction of HPWP includes a focus on empowering employees and providing them with relevant information, knowledge and rewards – the resources that employees may need to become engaged. This study provides evidence that HPWP is strongly advocated by these organisations, and that forms of HPWP are likely to eventually lead to a higher level of engagement. The high-performance paradigm, as Godard (2004) asserted, should promote 'best practice' on the grounds that it yields better performance than traditional HR practices, and it enhances employee motivation. However, the barriers to HR practices found in this study, such as organisational politics, lack of transparency and inefficient technology, create major hindrances to the success of HPWP. Although HPWP has been introduced by the government and organisations in the financial sector in Malaysia, the effectiveness of its implementation is highly debatable. Such initiatives may not be appropriate in the context of Malaysia without modification. The application of HPWP, it seems, should not be generalised across national contexts or across industries.

A predominant concern in the HPWP literature has been the question of whether the same 'bundles' of practices can be applied across national boundaries. This study

contributes to the research by pointing out the constituents of HPWP in the Malaysian setting. As there is a lack of consensus in regard to the 'bundles' of HR practices, this study confirms earlier findings on the importance of six variables: performance reward system, developmental appraisal, comprehensive training, participative programs for employees, selective staffing and a formal grievance system. Job security, however, was found not to be an important part of the HPWP process. Choosing the 'right' bundle is indeed pertinent in leading to better organisational outcomes.

### ***The pertinent role of institutional context***

Inspired by Meyer's (2006) paper, which urged Asian management scholars to have more confidence in investigating local business and which enriched global scholarly discussion in the Asian context, this study contends that far too little attention has been paid to the role of the societal context in HR practices and its effect on employee engagement. Most research on employee engagement has been conducted in Western countries and assumes a behavioural similarity in the generalisation of its findings (Bakker & Van Emmerik 2006; Maslach & Leiter 2008; Demerouti & Bakker 2001). The pertinent aspect of societal context is often ignored and thus the behaviour in emerging markets is not known. This study extends the body of knowledge on how employees engage at work by drawing on evidence from the financial sector in Malaysia. In this study, employee behaviour at work is heavily bounded by the institutional and cultural context. In particular, the belief that religious values have little bearing on work practices warrants revisiting. The findings demonstrate the important ways in which societal elements can facilitate or constrain the level of engagement of employees. The study highlights the importance of examining an organisational phenomenon according to situationally specific concepts and prescriptions for management. The findings illustrate the reasons why there is no best human resource strategy for all settings.

### ***The introduction of religiosity in the employee engagement framework***

The findings from this study challenge much of the existing research in HRM by promoting the notion of religiosity. The study provides evidence that religiosity indeed plays a crucial role in employee engagement at work. This is a significant finding because debates in the area have often overlooked the role of religiosity in



organisational behaviour. In the past, researchers simply assumed that religion had no effect on work (Davidson & Caddell 1994). They seldom allowed participants opportunities to describe their work in religious terms and thus the effect of religiosity went unnoticed. This study indicates that religiosity has effects that have been overlooked in other HRM studies. The purely secular approach of past research distorts the understanding of people's orientations to work, leaving the false impression that nobody thinks of work in religious terms when, in fact, some people do. A person's religiosity is a part of their work because so much of an individual's time, energy and resources are devoted and articulated at work. Indeed, religiosity is a source of identity for many employees and guides their worklife.

### **7.3.2 Methodological contributions**

This study advances previous research that has focused, almost exclusively, on the quantitative method of analysis. Suddaby (2005) argued that if we are to take seriously the ideational aspects of institutions, we need to move away, however slightly, from strictly positivist research and incorporate interpretivist methods that pay serious attention to the subjective ways in which actors experience institutions. To date, almost all of the prominent research in employee engagement has been conducted from a positivist point of view (e.g., Rothbard 2001; Sonnentag 2003; May, Gilson & Harter 2004). This study's contribution derives from the qualitative stance that it has taken to understand the phenomenon. Employees' interpretations of their experiences at work have provided rich forms of data that are relevant to employee engagement research. By using in-depth interviews, the researcher was able to identify how engagement is affected by different factors. As the purpose of the qualitative research was to explore the complexities of employees' experiences at work, no attempt is made to claim representativeness of the sample or to generalise the findings from the sample to the general population. However, as shown in Chapter 5, noteworthy patterns of similarities and differences among interviewees' responses provided rich data that permitted the elucidation of processes.

### **7.3.3 Practical and managerial implications**

It is clear that in contemporary Malaysia, societal as well as organisational cues are relevant in stimulating engagement. The results of this research are likely to have

important implications for practitioners. The expectation is that, through a better understanding of such relationships and the potential effectiveness of HPWP adoption, the selection of leaders and the development of employees may be conducted more effectively. The significant HR practices identified during this study can help managers to understand why employees are engaged or disengaged at work. A critical role of any organisation is to provide an environment that boosts the potential of individual employees. The implications for different stakeholders are summarised in Table 7.3. In general, the Central Bank of Malaysia, professional bodies, organisations, HR teams, managers and employees themselves all need to play active roles in enhancing employee engagement.

**Table 7.3: Implications for different stakeholders**

Stakeholders	What needs to be done?	How?
<b>Central Bank of Malaysia</b>	<ul style="list-style-type: none"> <li>Government policy for the financial sector must be reviewed in a coherent manner, in line with institutional context and constraints.</li> <li>Clear delegation of roles in policy-making</li> </ul>	<ul style="list-style-type: none"> <li>Review the high-performing plans for the financial sector by taking into consideration the factors that may influence employee behaviour</li> <li>High-performing plans need to be articulated and communicated clearly</li> <li>Different levels of stakeholders should be involved in policy-making</li> </ul>
<b>Industry associations and training institutions</b>	<ul style="list-style-type: none"> <li>Focus on employees' needs and find the right fit between supply and demand of training courses</li> <li>Promote empowering leadership behaviour</li> </ul>	<ul style="list-style-type: none"> <li>Offer training courses that match industry needs</li> <li>Offer more religious forms of training for employees to increase engagement</li> <li>Training for leaders to learn empowering roles</li> </ul>
<b>Organisations/ HR departments</b>	<ul style="list-style-type: none"> <li>Replace departmental level bell-shaped curve system</li> <li>Fairness in the reward system</li> <li>Ensure training offered fits employees' needs</li> <li>Instil leaders with empowering behaviour</li> <li>Ensure job fit</li> <li>Improve alignment of HR plan and decisions</li> <li>Improve selection process of appropriate leaders</li> <li>Give employees an opportunity to voice their opinions</li> </ul>	<ul style="list-style-type: none"> <li>Incentive given according to performance</li> <li>Joint collaboration in determining KPI</li> <li>Religious motivational training</li> <li>Training – creating awareness about empowering leadership</li> <li>Effective and fair means of positioning and selecting employees</li> <li>Career development plan for each employee</li> <li>Employee feedback system in respect to leaders' behaviour</li> <li>Forming in-house union or alternative employee representing body</li> </ul>

Stakeholders	What needs to be done?	How?
<b>Managers</b>	<ul style="list-style-type: none"> <li>• Increased transparency</li> <li>• Appraisal based on individual participation and team effort</li> <li>• Increased role of on-the-job training</li> <li>• Enhancing the role of showing concern</li> <li>• Voices of employees need to be heard and addressed</li> <li>• Being aware of the co-existence of older and younger generations</li> </ul>	<ul style="list-style-type: none"> <li>• Joint evaluation of KPI and increased transparency</li> <li>• Feedback system</li> <li>• Coaching by leaders as part of on the job training</li> <li>• Handling the two generations of workforce in different and effective manners</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employees need to take active roles in organisational plans and decisions</li> <li>• Objectively decide on career goals</li> </ul>	<ul style="list-style-type: none"> <li>• Take proactive action in work role</li> <li>• Play an active part in organisational decisionmaking</li> </ul>

As listed in Table 7.3, the first stakeholder is the Central Bank of Malaysia. As the governing body for the financial sector, the Central Bank needs to be aware of the conditions of employees in financial organisations. Although there have been many initiatives in adopting the high-performance road approach, the Central Bank needs to consider the context in which HPWP is implemented. Indeed, the objective of high-performing plans needs to be communicated clearly to organisations in the financial sector.

Second, professional bodies such as the International Centre for Leadership in Finance (ICLIF), the Financial Sector Talent Enrichment Programme (FSTEP), the Asian Institute of Finance (AIF), the Malaysian Insurance Institute (MII) and the International Centre for Education in Islamic Finance (INCEIF) all need to be attentive to their roles in developing employees not just in terms of talent and skills, but also in enhancing employees' engagement levels. Essentially, these institutions need to promote leaders to develop and enhance their empowering leadership behaviour. Attributes such as showing concern and participative decision making should be emphasised so that leaders are aware that such roles are significant for employee engagement.

The third and highly important stakeholder is the HR team and the top management. It seems that, in many cases, an HR department's plans and decisions are not discussed

with employees. In particular, HR departments should be concerned about the implementation of the bell-shaped curve reward system. As long as these organisations practise this system, some employees will continue to be disengaged at work. The unfairness of the distributive reward system can be overcome when HR teams and top management include employees in setting plans and evaluation measures for employees.

On another note, although the issue of person-job fit is important to these organisations, some employees feel that their identity and personality do not match the job, thus causing them to have a low engagement level. Indeed, this study found selective staffing is considered to be one of the most important factors influencing engagement. The HR department and top management need to look into the appropriate techniques for selecting and attracting the 'right' candidates. Although realistic job previews and role-play tests are popular in Western countries, these techniques have not been widely adopted in the studied organisations. Realistic job previews are used to provide candidates with detailed information about the job to assist candidates to make an appropriate job choice (Phillips 1998). This can reduce the negative impact of incongruence between a candidate and a job. When employers provide opportunities for candidates to make the correct job choice, employees could perhaps be more engaged on the job because of the fit between expectations and reality. Another suggestion is to adopt a role-play assessment. Role plays offer candidates a 'sneak peek' into the organisation's culture and system. Truxilo, Steiner, and Gilililand (2004) asserted that role play gives a view on what is expected from an employee in a particular position and results in candidates feeling that they are being treated fairly.

In essence, the inclusion of a national context enabled this study to explore aspects of religiosity that do not normally appear in the mainstream literature on HRM, allowing the researcher to draw out their implications for research and practice. The study posits that religious forms of training programs should be made available by HR departments and employers as well as governing bodies. Evidence from this research reveals that religious programs, regardless of whether they relate directly to work, have a high impact on employee engagement. More importantly, employees seem to feel more

energised to go back to work after attending such a program. This form of resource should not be taken lightly. Instead, all stakeholders should play a major role in ensuring religious forms of training programs are made available in these organisations.

In particular, religious forms of training must be stressed for the Malay Muslim employees. Training can be provided in two aspects: one that is related to work values where work is viewed as a moral obligation to God, and one that is not related to work values but addresses religious issues such as the benefits of prayer. It must also be noted that not all employees in the organisations are Muslims and thus may perhaps need different forms of spiritual training. As mentioned in Chapter 5, the cultures of Malaysian Chinese and Malaysian Indian people are deeply rooted in the Confucianism and Buddhism beliefs respectively. These beliefs are somewhat parallel to the teachings of Islam in terms of work values. The study proposes that non-Muslim employees could perhaps be given other forms of training that could provide similar spiritual and emotional benefits as in the case of Islamic religiosity. Nevertheless, this proposal must be treated with caution as the study did not focus on how religiosity is perceived by the non-Muslims.

The fourth stakeholder, the manager, should practise a transparent form of organisational culture and avoid nepotism. This requires a considerable organisational culture shift. Changing the norm of an organisation may require a long lead time and may perhaps causes anxiety among members. Nevertheless, when organisational culture blends well with religiosity and the core values of the organisation, HR practices may be easier to implement. The findings from this thesis hopefully will assist managers to better understand their employees' perceptions, behaviour and expectations.

Finally, employees need to take proactive roles to ensure the progress of their career development. Employees should have some responsibility for choosing appropriate training programs to attend to improve their skills and ability at work. Clearly, organisations in the financial sector provide numerous forms of training. Instead of attending inappropriate training programs and viewing training as a waste of time,

employees should be able to take a pre-emptive role in deciding which programs suit their needs. Further, the absence of a body representing employees is strongly felt among the employees in the organisations. Employees should take a greater initiative to move forward and establish the associations they need to advance their interests.

#### **7.4 Limitations of the Study**

The research contains a number of limitations. First, the wide spread of professional middle management positions made it impossible to establish job-specific patterns, if any existed. On the other hand, the information gained from different employees with different job specifications or specialisations made it possible to generalise the findings across middle management behaviour in the financial sector. Second, a relatively large proportion of the sample in this study are Malay Muslims, which may have skewed the findings and made it difficult to identify if there is a distinctive pattern of HR practices among different ethnic groups in Malaysia. Third, other stakeholders, such as top management leaders, were not included in the study. Employees' views may differ markedly from those of top management, particularly in respect to HR practices. Fourth, to gain a better result, a larger sample may have provided a more significant result. However, that was impossible for this study due to limited resources and time. Fifth, the incentives that were given to participants may have increased the response rate at the expense of response quality, creating bias. Schwarz and Clore (1996) argued that incentives may affect responses on the basis of mood. Incentives may put respondents in a more optimistic mood and this might influence the result. However, evidence from past studies suggests that responses given by respondents who receive incentives do not differ from responses given by those who do not receive incentives (Singer 2002). For example, in a study of US government surveys, Shettle and Mooney (1999) found no significant differences among respondents in their investigation on the use of incentives. It would seem that the use of incentives in surveys contributes mostly to the cost-benefit assessment by providing a solid benefit to the respondent. Incentives are also much needed to increase response rates (Cobanoglu et al. 2001; Dillman 2000; Church 1993). Finally, the industry context may restrict the generalisability of the research findings. The study may not be generalisable to other industries since the occupational groups and industry characteristics will be different. Sixth, the use of a single-source respondent

could cause common method variance in the quantitative study. This could be due to the fact that the respondent who provides the measure of the predictor and criterion variable is the same person. Nevertheless, measures have been taken to overcome common method variance, as explained in Chapter 4.

## **7.5 Directions for Future Research**

It is the researcher's fervent hope that this research will yield a theoretical contribution beyond the previous proposals and explanations offered by past researchers, and will create a new understanding of employee engagement and an ability to manage it more effectively, thus creating new directions for future research.

First, this study tackled the topic from a micro within-person perspective. One theoretical prospect associated with a within-person perspective is that there may be a temporal pattern of work-related experiences. As demonstrated in some studies, individuals may not be equally engaged at work every day. Assessing the general level of engagement might perhaps ignore the dynamic and configurational aspects of the engagement phenomenon. Thus, investigating daily levels of engagement over a period of time and during a number of periods may provide evidence for different causal factors of engagement. Future research may use a diary study of employee engagement.

Second, future research should focus on studying the different ethnic groups in Malaysia to examine different views in regard to employee engagement. In particular, many ethnic groups have different beliefs and religiosity and thus need to be further explored in terms of their relation to engagement. The influence of different religions and beliefs such as Islam, Confucianism, Buddhism and Christianity, among others, is strong in Malaysia and needs to be researched further. Third, despite rapidly changing market conditions and environments in the developing countries, research published on Asian HRM is still lacking. Since this study found that institutional context drives organisational practices, future research ought to focus on Asia-driven phenomena. For example, in the case of this study, religiosity was found to have a great influence on an employee's behaviour. Studies on other Asian countries may develop a similar outlook or a quite different one. It would be interesting to see just how much context matters.

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## Appendix A: Letter of invitation to each institution



Raida Abu Bakar  
Building 108, Level 13,  
239 Bourke Street,  
School of Management,  
RMIT University,  
Melbourne, VIC, 3000  
Australia

January 5<sup>th</sup> 2011

Dear Tan Sri/Puan Sri/Dato'/Datin/Mr/Mrs,

RE : Conducting Employee Engagement Study at your Institution

My name is Raida Abu Bakar, a senior lecturer from University of Malaya. Currently I'm undertaking my PhD at RMIT University, Australia. The primary reason for writing this letter is to seek your approval in conducting a research at your organization. The research is part of a study on 'Employee Engagement' which I am conducting under the guidance of Professor Fang Lee Cooke and Dr.Nuttawuth Muenjohn.

By allowing me to conduct the research, your company will be able to :

- Examine the causes of why your employee is engaged and disengaged at work
- Understand the different aspects of the HR system as well as leadership behaviour that enhance engagement at your organization
- Ultimately determine the best practises to overcome disengagement among employees

It is the hope that this study will assist the industry in developing policies and practices, which will improve the quality of work life for employees and enhance organizational performance. The data collected from your company will be given to you for your preview and actions should you request for it. The results will be in the form of short summary with graphs/charts for easier reference. Please note that the data is highly confidential and company identity will remained anonymous for this research project.

This study is genuinely important to me, your organization and the industry. Thus, I humbly seek your support to conduct this project. I would be so grateful if you could provide a letter of support or email for this project so that I could approach your employees and show them the importance of this project.

If you have any questions, or need further information in regards to this project, please contact me at [raida.bakar@gmail.com](mailto:raida.bakar@gmail.com) or call me at +61421084581. I very much look forward in your company's participation in this project. Your consideration is very much appreciated

Thank you.  
Most sincerely,

A handwritten signature in black ink, appearing to read "Raida Abu Bakar".

Raida Abu Bakar

## Appendix B: Plain language statement of interview to employees

Invitation to Participate in a Research Project  
Project Information Statement



Project Title: Factors Influencing Employee Engagement: A Study of the Finance Sector Malaysia

Investigator:

Raida Abu Bakar  
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Dear Participant,

You are invited to participate in a face to face interview as part of a PhD research project being conducted through RMIT University, which will take approximately 40 minutes. This information sheet describes the project in straightforward language, or 'plain language'. Please read this sheet carefully and be confident that you understand its contents before deciding to participate. If you have any questions about the project, please ask one of the investigators identified above.

### **Who is involved in this research project? Why is it being conducted?**

This research is being conducted as part of a PhD research project in Management. The project has been approved by the RMIT Business College Human Ethics Advisory Network (Approval No. – 1000242).

### **Why have you been approached?**

We are inviting professional employees who are working in the finance sector in Malaysia to participate in this research.



**What is the project about? What are the questions being addressed?**

The purpose of the research is to investigate how the individual, social, and organizational factors contribute to employee's level of engagement. It is well recognized that the demands at work are great and require significant effort. This research aims to better understand the processes as well as employee's experiences with the process in affecting their level of engagement in their job. This study expects about 40 participants.

**If I agree to participate, what will I be required to do?**

Those who give their consent will be contacted for setting the date, time and place for the interview. It is expected that the interview will take approximately 40 minutes. If you agree to participate, you will be required to answer questions in regards to your experience in your job, the interaction with your boss, and the human resource practise in your company. Should you need to see some of the questions before the interview, please email [raida.abubakar@rmit.edu.au](mailto:raida.abubakar@rmit.edu.au) for a sample copy of the questions.

**What are the risks or disadvantages associated with participation?**

Some people find it beneficial to think or talk about their experiences at work. Of course, there is always a risk that you might feel upset by thinking or talking about your experiences. If this should happen you are free to either withdraw from the project, or to stop and return to it some other time. If you are concerned about your responses or if you find participation in the project distressing, you should contact my supervisors as soon as possible. My supervisors will discuss your concerns with you confidentially and suggest appropriate follow-up, if necessary. Participation in this research is entirely voluntary and confidential; you may withdraw your participation and any unprocessed data concerning you at any time, without prejudice.

**What are the benefits associated with participation?**

Whilst there are no direct benefits for participating in this study, your input will provide vital information regarding the factors that may or may not have an effect on employee's level of engagement at work.

**What will happen to the information I provide?**

If you choose to participate in this study, your privacy will be protected in a number of ways:

- All information such as telephone number and email address, along with all data collected during the interview, will be treated confidentially and will be accessible only to the researchers and supervisors.
- You will be able to review the recording and/or transcripts to edit or erase your contribution.
- Following completion of the data analysis, any identifying information collected during the interview will be removed or replaced with non-identifying alphanumeric codes.
- De-identified data will be retained securely for a minimum of 5 years at the School of Management, RMIT University, Australia.
- At the conclusion of the project, a summary of the results and associated reports will be made available should you request for it (only a summary of your interview). The final results will also be reported in a thesis to be submitted for Ms.Raida's PhD degree, and as appropriate, in papers for presentation at conferences or for publication in scientific journals.

### **What are my rights as a participant?**

Participation in this research is entirely voluntary. Whether or not you decide to participate, your decision will not disadvantage you in any way. Only people who give their informed consent will be included in the project. If you give informed consent to participate, you may still withdraw from the project at any time without giving a reason. You have the option of withdrawing any data that may identify you. You also have the right to have any questions answered at any time, and request that audio recording be terminated at any stage during the interview.

### **Whom should I contact if I have any questions?**

Please read this Information Statement and be sure you understand its contents before you consent to participate. If there is anything you do not understand, or you have questions, please contact the researcher at [raida.abubakar@rmit.edu.au](mailto:raida.abubakar@rmit.edu.au) or [raida.bakar@gmail.com](mailto:raida.bakar@gmail.com) or by telephoning +61421084581. If you choose to participate in this project, please print and keep a copy of this Information Statement and Consent Form.

### **Complaints about this research**

Any complaints with regards to this research should be directed to the researcher, Raida Abu Bakar ([raida.abubakar@rmit.edu.au](mailto:raida.abubakar@rmit.edu.au)) or the supervisors Fang Lee Cooke ([fang.cooke@rmit.edu.au](mailto:fang.cooke@rmit.edu.au)) and Nuttawuth Muenjohn ([nuttawuth.muenjohn@rmit.edu.au](mailto:nuttawuth.muenjohn@rmit.edu.au)).

Thank you for considering this invitation.

Yours sincerely,



Raida Abu Bakar  
School of Management  
RMIT University  
Australia  
Phone : +61421084581  
Email : [raida.abubakar@rmit.edu.au](mailto:raida.abubakar@rmit.edu.au) or [raida.bakar@gmail.com](mailto:raida.bakar@gmail.com)

This project has been approved by the Business College's Human Research Ethics Committee, Approval No.1000242, December 15<sup>th</sup>, 2010. Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Chair of the Business Committee, Professor Roslyn Russell, College of Business, RMIT, GPO Box 2476V, Melbourne, 3001. The telephone number is +(61 3) 9925 5187 or email address : [roslyn.russell@rmit.edu.au](mailto:roslyn.russell@rmit.edu.au). Details of the complaints procedure are available from <http://www.rmit.edu.au/browse;ID=2jqrnb7hnpyo>

## Appendix C: Consent form

### RMIT BUSINESS COLLEGE HUMAN ETHICS ADVISORY NETWORK

Prescribed Consent Form for Persons Participating In Research Projects Involving Interviews, Questionnaires, Focus Groups or Disclosure of Personal Information

School of Management

COLLEGE OF

SCHOOL/CENTRE OF

Name of Participant:

Project Title:

Factors Influencing Employee Engagement: A Study of the Finance Sector in Malaysia

Name of Investigator:

Raida Abu Bakar

Phone:

+61421084581

1. I have received a statement explaining the interview/questionnaire involved in this project.
2. I consent to participate in the above project, the particulars of which - including details of the interviews or questionnaires - have been explained to me.
3. I authorise the investigator or his or her assistant to interview me or administer a questionnaire.
4. I give my permission to be audio taped:  Yes  No
5. I give my permission for my name or identity to be used:  Yes  No
6. I acknowledge that:
  - a) Having read the Plain Language Statement, I agree to the general purpose, methods and demands of the study.
  - b) I have been informed that I am free to withdraw from the project at any time and to withdraw any unprocessed data previously supplied.
  - c) The project is for the purpose of research and/or teaching. It may not be of direct benefit to me.
  - d) The privacy of the information I provide will be safeguarded. However should information of a private nature need to be disclosed for moral, clinical or legal reasons, I will be given an opportunity to negotiate the terms of this disclosure.
  - e) If I participate in a focus group I understand that whilst all participants will be asked to keep the conversation confidential, the researcher cannot guarantee that other participants will do this.
  - f) The security of the research data is assured during and after completion of the study. The data collected during the study may be published, and a report of the project outcomes will be provided to \_\_\_\_\_ (researcher to specify). Any information which may be used to identify me will not be used unless I have given my permission (see point 5).

#### Participant's Consent

Name: \_\_\_\_\_ Date: \_\_\_\_\_

(Participant)

Name: \_\_\_\_\_ Date: \_\_\_\_\_

(Witness to signature)

Where participant is under 18 years of age:

I consent to the participation of \_\_\_\_\_ in the above project.

Signature: (1) \_\_\_\_\_ (2) \_\_\_\_\_ Date: \_\_\_\_\_

(Signatures of parents or guardians)

Name: \_\_\_\_\_ Date: \_\_\_\_\_

(Witness to signature)

Participants should be given a photocopy of this consent form after it has been signed.

This project has been approved by the Business College's Human Research Ethics Committee, Approval No. 1000242, Dec.15<sup>th</sup>, 2010. Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Chair of the Business Committee, Professor Roslyn Russell, College of Business, RMIT, GPO Box 2476V, Melbourne, 3001. The telephone number is +(61 3) 9925 5187 or email address : [roslyn.russell@rmit.edu.au](mailto:roslyn.russell@rmit.edu.au). Details of the complaints procedure are available from <http://www.rmit.edu.au/browse:ID=2jqrn7hnpyo>

## Appendix D: Interview protocol

<b>Demographic and work information</b>
Please indicate your job position, your tenure with this organisation, educational qualification, and age. Can you briefly describe what you do at work?
<b>Leadership behaviour</b>
Can you describe about your immediate boss? How long have they been in leadership positions? What are your perceptions of him/her? How do you feel about him/her? Do you agree or disagree that he helps you in being more engaged at work? How do you interact with your immediate boss? In what way? How often? What are your colleagues' perceptions on this leader/supervisor? Does he/she in any way ever suggests ways to improve your work group's performance, or encourages work group members to solve problems together? Can you depend on this manager?
<b>High Performance Work Practices</b>
Do you like working with this organization? Do you think the HR system allows for high performance? Which part of the HR system do you think contribute to employee performance? How would you describe the performance standards in your unit? When performance is discussed, how much emphasis is placed on finding avenues of personal development for an employee? How closely are raises, promotions, etc., tied to performance appraisal? Why? Do you have any suggestions on improvement? To what extent do differences in pay across members of this work unit represent differences in their contribution? How much importance is placed on the staffing (recruiting) process in this unit? Why? Do the employees here have any opportunity to voice out their grievances? How? Is there any representative bodies or unions? Do you think the HR practices in your company allow for a better engagement among you and your co-workers at work?
<b>Personal resources</b>
Do you feel engaged at work on a daily level? On a scale of 0 to 10 please rate. What do you think would make up as personal resource that makes you feel engaged / disengaged at work? Ultimately, what's the one thing that makes you get up early and go to work? What other things can you say about your likes/dislikes in your job, which makes you engaged/disengaged at work? Any other comments?

## Appendix E: Ethics approval letter for interviews



RMIT University

GPO Box 2476V  
Melbourne VIC 3001  
Australia

Tel. +61 3 9925 1403  
Fax +61 3 9925 5591  
[www.rmit.edu.au](http://www.rmit.edu.au)

**Ref: Ethics Appl. 1000242**

Wednesday, December 15 2010

Raida Abu Bakar  
Unit, 16 Mason St  
Reservoir  
Vic 3073

Dear Raida

I am pleased to advise that your application for ethics approval for a Research Project has been approved by the Chair of the Business College Human Ethics Advisory Network. Approval has been granted for the period from 14 December 2010 to 19 July 2014.

The RMIT Human Research Ethics Committee (HREC) requires the submission of Annual and Final reports. These reports should be forwarded to the Business College Human Ethics Advisory Network Secretary. Annual Reports are due in December for applications submitted prior to September the year concerned. I have enclosed a copy of the Annual/ Final report form for your convenience. Please note that this form also incorporates a request for extension of approval, if required.

Best wishes for your research.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'K. Tsoulis-Reay', written over a horizontal line.

Kristina Tsoulis-Reay  
Secretary  
Business College Human Ethics Advisory Network

### Appendix F: List of participants in the interviews

No.	Gender	Age	Job position	Ethnicity	Education	Tenure in present company
1	Female	30	Executive	Malay	Degree	4
2	Male	25	Executive	Malay	Degree	3.5
3	Male	28	Executive	Malay	Degree	5
4	Female	33	Executive	Malay	Degree	3.5
5	Female	38	Executive	Malay	Degree	17
6	Female	37	Executive	Malay	Degree	3.5
7	Male	27	Executive	Malay	Degree	2.4
8	Male	29	Executive	Malay	Degree	3.5
9	Female	37	Executive	Malay	Degree	17
10	Male	50	Director	Chinese	Degree	6
11	Female	36	Executive	Malay	Diploma	11
12	Male	30	Manager	Malay	Degree	6
13	Male	36	Manager	Malay	Degree	8
14	Female	35	Executive	Malay	Degree	6
15	Female	37	Executive	Malay	Masters	10
16	Male	45	Manager	Malay	Degree	21
17	Female	41	Executive	Malay	Degree	14
18	Female	27	Executive	Malay	Degree	3.5
19	Female	42	Executive	Malay	Degree	13
20	Male	40	Executive	Malay	Diploma	17
21	Male	30	Executive	Malay	Degree	3
22	Male	34	Executive	Malay	Master	5
23	Male	36	Executive	Malay	Degree	15
24	Female	42	Executive	Malay	Diploma	15
25	Female	33	Manager	Malay	Degree	6
26	Female	45	Executive	Malay	Diploma	20
27	Male	27	Executive	Malay	Degree	3.5
28	Male	26	Executive	Malay	Degree	5
29	Female	37	Executive	Malay	Degree	12
30	Female	42	Manager	Chinese	Degree	15
31	Female	40	Executive	Malay	Degree	13
32	Female	42	Executive	Malay	Degree	15
33	Female	36	Manager	Malay	Degree	10
34	Female	40	Executive	Malay	Degree	17
35	Male	45	Executive	Chinese	Degree	28
36	Female	35	Executive	Malay	Degree	6
37	Female	33	Executive	Malay	Degree	7
38	Female	35	Executive	Malay	Degree	6
39	Female	42	Manager	Malay	Degree	7
40	Female	40	Manager	Malay	Degree	12
41	Male	29	Executive	Malay	Degree	6

**Appendix G: Survey Questionnaire**





## Information Statement for Survey Research Project

**Project Title :** Factors Influencing Employee Engagement: A Study of the Finance Sector Malaysia

Investigator:

Raida Abu Bakar  
PhD degree student  
School of Management,  
RMIT University,  
raida.abubakar@rmit.edu.au  
Tel: +613 9925 5856

Supervisors:

Fang Lee Cooke, PhD  
Research Supervisor, Professor  
School of Management,  
RMIT University,  
fang.cooke@rmit.edu.au  
Tel: + (61 3) 9925 5977

Nuttawuth Muenjohn, PhD  
Research Supervisor  
School of Management,  
RMIT University,  
nuttawuth.muenjohn@rmit.edu.au  
Tel: + (61 3) 9925 5109

Dear Participant,

You are invited to participate in a PhD research project being conducted through RMIT University, which will take approximately 20 minutes to complete. This information sheet describes the project in straightforward language, or 'plain language'. Please read this sheet carefully and be confident that you understand its contents before deciding to participate.

### **Why is the research being done?**

The purpose of the research is to investigate how the individual, social, and organizational factors contribute to employee's level of engagement. It is well recognized that the demands at work are great and require significant effort. This research aims to better understand the processes as well as employee's experiences with the process in affecting their level of engagement in their job.

### **Who can participate in the research?**

We are inviting professional employees who are working in the finance sector in Malaysia to participate in this research.

### **What choice do you have?**

Participation in this research is entirely voluntary. Whether or not you decide to participate, your decision will not disadvantage you in any way. Only people who give their informed consent will be included in the project. If you give informed consent to participate, you may still withdraw from the project at any time without giving a reason. You also have the option of withdrawing any data that may identify you.

**What would you be asked to do?**

The survey consists of a set of online questionnaires which usually approximately 20 minutes to complete. The questionnaires ask about your experience in regards to the social and organizational factors at your organization. It also includes questions about how you perceive yourself as an individual. You will also be asked for some demographic details.

**What are the risks of participating?**

Some people find it beneficial to think or talk about their experiences at work. Of course, there is always a risk that you might feel upset by thinking or talking about your experiences. If this should happen you are free to either withdraw from the project, or to stop and return to it some other time. If you are concerned about your responses or if you find participation in the project distressing, you should contact my supervisors as soon as possible. My supervisors will discuss your concerns with you confidentially and suggest appropriate follow-up, if necessary. Participation in this research is entirely voluntary and anonymous; you may withdraw your participation and any unprocessed data concerning you at any time, without prejudice.

**What are the benefits associated with participation?**

Whilst there are no direct benefits for participating in this study, your input will provide vital information regarding the factors that may or may not have an effect on employee's level of engagement at work.

**How will your privacy be protected?**

Your privacy and confidentiality will be strictly maintained in such a manner that you will not be identified in the thesis report or any publication. Any information that you provide can be disclosed only if (1) it is to protect you or others from harm, (2) a court order is produced, or (3) you provide the researchers with written permission. Data will be only seen by the researcher and supervisors who will also protect you from any risks.

To ensure that the collected data is protected, the data will be retained for five years upon completion of the project after which time paper records will be shredded and placed in a security recycle bin and electronic data will be deleted/destroyed in a secure manner. All hard data will be kept in a locked filing cabinet and soft data in a password protected computer in the office of the investigator in the research lab at RMIT University. Data will be saved on the University network system where practicable (as the system provides a high level of manageable security and data integrity, can provide secure remote access, and is backed up on a regular basis). Only the researcher will have access to the data.

**How will the information collected be used?**

At the conclusion of the project, a summary of the results and associated reports will be made available should you request for it (only a summary of your company). The final results will also be reported in a thesis to be submitted for Ms.Raida's PhD degree, and as appropriate, in papers for presentation at conferences or for publication in scientific journals.

**Who should I contact if I have any questions?**

If there is anything you do not understand, or you have questions, please contact the researcher at [raida.abubakar@rmit.edu.au](mailto:raida.abubakar@rmit.edu.au) or by telephoning +61421084581. If you choose to participate in this project, please print and keep a copy of this Information Statement and Consent Form, then click on the “Yes” button in the survey. This will take you to the questionnaires, and you will have the option to start completing them now or at a later time. When you have completed the questionnaires, you can choose whether or not you would like to take part in the interviews.

Thank you very much for your contribution to this research.

Yours sincerely,



Raida Abu Bakar  
School of Management  
RMIT University  
Melbourne, Australia  
Phone : +61421084581  
Email : [raida.abubakar@rmit.edu.au](mailto:raida.abubakar@rmit.edu.au)

This project has been approved by the Business College’s Human Research Ethics Committee, Approval No. 1000250, March 16<sup>th</sup>, 2011. Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Chair of the Business Committee, Professor Roslyn Russell, College of Business, RMIT, GPO Box 2476V, Melbourne, 3001. The telephone number is +(61 3) 9925 5187 or email address : [roslyn.russell@rmit.edu.au](mailto:roslyn.russell@rmit.edu.au). Details of the complaints procedure are available from <http://www.rmit.edu.au/browse;ID=2jqrn7hnpyo>



ARE YOU ENGAGED AT WORK?

1. **Gender**

- Male  
 Female

2. **Age**

- Less than 30 years old  
 31 to 40 years old  
 41 to 50 years old  
 51 to 60 years old  
 More than 61 years old

3. **Ethnicity**

- Malay  
 Chinese  
 Indian  
 If other, please specify

4. **Educational qualification**

- Secondary school & below  
 Certificate / Diploma  
 Degree / Professional  
 Master / Doctorate or higher

5. **Current position**

- Non-managerial level  
 Executive level  
 Supervisory level  
 Top management and above

6. **Job classification**

- Sales  
 Engineering  
 Research & Development  
 Management  
 Logistics  
 Other

(Please specify)

---

7. Which of the industry best describes the organization you are currently working for?

- Agriculture
  - Automotive
  - Banking
  - Education
  - Healthcare
  - Infrastructure & Construction
  - Leisure & Tourism
  - Media & Communications
  - Property
  - Technology & Bio Tech
  - Transportation & Logistics
  - Utilities
  - If other, please specify
- 

8. Number of years in the present company

- 4 years and less
- 5 to 7 years
- 8 to 10 years
- 11 years and above

9. In the past 12 months, how many days were you absent from work?

- Less than 7 days
- 7 to 15 days
- 16 to 30 days
- More than one month

10. Number of years in the present job (i.e. same position even if in different company)

- 4 years or less
- 5 to 7 years
- 8 to 10 years
- 11 years and above

11. Annual Income

- Less than RM 40,000
- RM 40,001 to 80,000
- RM 80,001 to 120,000
- RM 120,001 to 160,000
- RM 160,001 and above

12. If you have change job in the past (from different or the same organization), please state your reason(s) for changing job (Tick all that applies)

- Salary
  - Poor supervision or leadership
  - Nature of job
  - Promotion
  - Organizational culture
  - Follow colleagues / boss
  - Future outlook on career
  - Problems / conflict in previous organization
  - Family issues
  - Bored of previous job (e.g. too routine)
  - If other, please specify
- 

13. How many times have you change job?

- Never
- 1 to 3 times
- 4 to 6 times
- More than 7 times

14. My organization belongs to the :

- Public sector
- Private sector
- Government-linked Corporation

**Section B : Job Engagement**

For each of the following statements, please indicate how you feel about your experience in your job :

- (1) Never
- (2) Almost never (A few times a year or less)
- (3) Rarely (Once a month or less)
- (4) Sometimes (A few times a month)
- (5) Often (Once a week)
- (6) Very often (A few times a week)
- (7) Always Everyday

Statements	Never	Almost Never	Rarely	Sometimes	Often	Very Often	Always
At my work, I feel bursting with energy	1	2	3	4	5	6	7
I get carried away when I am working	1	2	3	4	5	6	7
At my job I feel strong and vigorous	1	2	3	4	5	6	7
When I get up in the morning, I feel like going to work	1	2	3	4	5	6	7
At my work I always persevere, even when things do not go well	1	2	3	4	5	6	7
I am immersed in my work	1	2	3	4	5	6	7
My job inspires me	1	2	3	4	5	6	7
When I am working, I forget everything else around me	1	2	3	4	5	6	7
I am proud of the work I do	1	2	3	4	5	6	7
I can continue working for very long periods at a time	1	2	3	4	5	6	7
To me, my job is challenging	1	2	3	4	5	6	7
Time flies when I am working	1	2	3	4	5	6	7
I feel happy when I am working intensely	1	2	3	4	5	6	7
It is difficult to detach myself from my job	1	2	3	4	5	6	7
I find the work that I do full of meaning and purpose	1	2	3	4	5	6	7
At my job, I am very mentally resilient	1	2	3	4	5	6	7
I am enthusiastic about my job	1	2	3	4	5	6	7

**Section C : Leadership**

For this section, a 'leader' refers to your immediate supervisor, i.e. the person whom you report to. Please indicate the extent to which you agree or disagree in regards to your leader's behavior :

- (1) Completely disagree
- (2) Mostly disagree
- (3) Slightly disagree
- (4) Neutral
- (5) Slightly agree
- (6) Mostly agree
- (7) Completely agree

Statements	Completely Disagree		Neutral			Completely Agree	
	1	2	3	4	5	6	7
My leader sets high standards for performance by his/her own behavior	1	2	3	4	5	6	7
My leader explains company goals	1	2	3	4	5	6	7
My leader works as hard as he/she can	1	2	3	4	5	6	7
My direct leader sets a good example by the way he/she behaves	1	2	3	4	5	6	7
My leader encourages work group members to express ideas/suggestions	1	2	3	4	5	6	7
My leader listens to my work group's ideas and suggestions	1	2	3	4	5	6	7
My leader provides help to work group members	1	2	3	4	5	6	7
My leader works as hard as anyone in my work group	1	2	3	4	5	6	7
My leader considers my work group's ideas when he/she disagrees with them	1	2	3	4	5	6	7
My leader suggests ways to improve my work group's performance	1	2	3	4	5	6	7
My leader teaches work group members how to solve problems on their own	1	2	3	4	5	6	7
My leader leads by example	1	2	3	4	5	6	7
My leader stays in touch with my work group	1	2	3	4	5	6	7
My leader pays attention to my work group's efforts	1	2	3	4	5	6	7
My leader explains company decisions	1	2	3	4	5	6	7
My leader uses my work group's suggestions to make decisions that affect us	1	2	3	4	5	6	7
My leader explains how my work group fits into the company	1	2	3	4	5	6	7
My leader shows concern for work group members' well-being	1	2	3	4	5	6	7
My leader treats work group members as equals	1	2	3	4	5	6	7
My leader takes the time to discuss work group members' concerns patiently	1	2	3	4	5	6	7
My leader explains his/her decisions and actions to my work group	1	2	3	4	5	6	7
My leader gives all work group members a chance to voice their opinions	1	2	3	4	5	6	7
My leader gives work group members honest and fair answers	1	2	3	4	5	6	7
My leader encourages work group members to solve problems together	1	2	3	4	5	6	7
My leader explains rules and expectations to my work group	1	2	3	4	5	6	7



**Section D : Work Practices at Your Organization**

Please indicate the extent to which you agree or disagree in regards to the following statements about your organization :

- (1) Completely disagree
- (2) Mostly disagree
- (3) Slightly disagree
- (4) Neutral
- (5) Slightly agree
- (6) Mostly agree
- (7) Completely agree

Statements	Completely Disagree		Neutral		Completely Agree		
	1	2	3	4	5	6	7
The training process for members of my work unit is extensive	1	2	3	4	5	6	7
Pay is closely tied to individual performance	1	2	3	4	5	6	7
A lot of importance is placed on the staffing process in this unit	1	2	3	4	5	6	7
There are different kinds of training programs available for members of my work unit to attend	1	2	3	4	5	6	7
The use of employee selection process for a job in this unit is extensive (e.g. use of tests, interviews, etc.)	1	2	3	4	5	6	7
At my organization, a great deal of effort is given to measuring employee performance	1	2	3	4	5	6	7
At my organization, training is view as a cost	1	2	3	4	5	6	7
When performance is discussed, a lot of emphasis is placed on finding avenues for employee’s personal development	1	2	3	4	5	6	7
Raises, promotions, etc., are closely tied to performance appraisal	1	2	3	4	5	6	7
The wages in this work unit are not very competitive for this industry	1	2	3	4	5	6	7
Differences in pay across members of this work unit represent differences in their contribution	1	2	3	4	5	6	7
Training is placed as a priority for the employees in my work unit	1	2	3	4	5	6	7
Selection involves screening many job candidates	1	2	3	4	5	6	7
Selection emphasizes the employees ability to collaborate and work in teams	1	2	3	4	5	6	7
My employer has a formal policy of avoiding compulsory redundancies	1	2	3	4	5	6	7
Employees here have the opportunity to be involved in the decision making on things that matter. For example, through quality circles, business process project teams, etc.	1	2	3	4	5	6	7
Selection focuses on selecting the best all around candidate, regardless of the specific job	1	2	3	4	5	6	7
I have access to a formal grievance procedure or complaint resolution system	1	2	3	4	5	6	7

During the past 12 months, how much training have you had, paid by your employer? (It could be on or off premises)

- None
- 1 to 3 days
- 4 to 6 days
- 7 to 9 days
- 10 to 12 days
- 13 to 15 days
- 16 days or more

### Section E - About yourself

Please indicate your level of agreement or disagreement with respect to the following statements. There is no right or wrong answer. We just want you to respond to each statement truthfully and sincerely. For the following statement about yourself, please indicate whether you :

- (1) Completely disagree
- (2) Mostly disagree
- (3) Slightly disagree
- (4) Neutral
- (5) Slightly agree
- (6) Mostly agree
- (7) Completely agree

Statements	Completely Disagree		Neutral			Completely Agree	
	1	2	3	4	5	6	7
Islam helps me lead a better life	1	2	3	4	5	6	7
I believe that Allah helps people	1	2	3	4	5	6	7
Quran is relevant and applicable to modern day	1	2	3	4	5	6	7
I perform the obligation of zakat fitrah annually	1	2	3	4	5	6	7
Prophet Muhammad (peace be upon him) provides a good conduct for me	1	2	3	4	5	6	7
I perform the obligation of zakat maal (asset/income) annually	1	2	3	4	5	6	7
I believe that Allah listens to prayers	1	2	3	4	5	6	7
I will continuously seek to learn about Allah	1	2	3	4	5	6	7
I pray five times a day	1	2	3	4	5	6	7
I fast the whole month of Ramadhan sincerely	1	2	3	4	5	6	7
I read the Quran for inspiration and motivation	1	2	3	4	5	6	7
The fact that I am a Muslim is an important part of my identity	1	2	3	4	5	6	7
Saying my prayer helps me a lot	1	2	3	4	5	6	7
I will perform hajj after I fulfilled all the necessary conditions	1	2	3	4	5	6	7
I always perform other optional prayer (i.e sunnat prayer such as Isra', Dhuha and others)	1	2	3	4	5	6	7
I do the optional fasting on Monday and Thursday regularly	1	2	3	4	5	6	7

Statements	Completely Disagree			Neutral		Completely Agree	
	1	2	3	4	5	6	7
The five prayers help me a lot	1	2	3	4	5	6	7
I believe that Allah helps me	1	2	3	4	5	6	7
I cover my aurat properly	1	2	3	4	5	6	7
I perform my daily prayers in the mosque / Muslim praying room regularly	1	2	3	4	5	6	7
The supplication (dua') helps me	1	2	3	4	5	6	7
I read the Quran everyday	1	2	3	4	5	6	7

Here is your chance to win!!!!

If you would like to stand a chance of winning an iPod, please state your email address where you can be contacted should you win the prize.

First Name \_\_\_\_\_

Email Address \_\_\_\_\_

**THANK YOU FOR PARTICIPATING!**

## Appendix H: Ethics approval letter for surveys



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**Ref: Ethics Appl. 1000250**

Wednesday, March 16 2011

Raida Abu Bakar  
Unit, 16 Mason St  
Reservoir  
Vic 3073

Dear Raida

I am pleased to advise that your application for ethics approval for a Research Project has been approved by the Chair of the Business College Human Ethics Advisory Network. Approval has been granted for the period from 16 March 2011 to 19 July 2014.

The RMIT Human Research Ethics Committee (HREC) requires the submission of Annual and Final reports. These reports should be forwarded to the Business College Human Ethics Advisory Network Secretary. Annual Reports are due in December for applications submitted prior to September the year concerned. I have enclosed a copy of the Annual/ Final report form for your convenience. Please note that this form also incorporates a request for extension of approval, if required.

Best wishes for your research.

Yours sincerely

A handwritten signature in black ink, appearing to read "Kristina Tsoulis-Reay".

Kristina Tsoulis-Reay  
Secretary  
Business College Human Ethics Advisory Network