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Factors Affecting Employee Engagement: A Study among Employees in the Malaysian Construction Industry

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Abstract
Employee engagement consistently received great concern among employers in the era of globalization. Due to the challenging Malaysian economic context, many organizations, mainly in the construction industry suffers the consequences of employee disengagement and constantly seek for different methods to keep their employees engaged. Thus, the purpose of this study is to determine the factors affecting employee engagement in the construction industry. This study used convenience sampling techniques and online questionnaire as an instrument to collect data. The data from 72% out of 150 employees are collected then evaluated by using statistical package for the Social Science SPSS software (version 23.0). The result from Multiple Regression Analysis demonstrates that all the variable which are leadership, compensation, and organizational culture have a positive significant relationship with employee engagement. Moreover, organizational culture found to be the most influential variables towards employee engagement.

Keywords: Employee Engagement, Leadership, Compensation, Organizational Culture, Construction Industry.

Introduction
Employee engagement has become one of the critical episodes for most organization. Due to the challenging economic climate, many organizations are struggling to survive, and engaged employee is the only tool for the organization to gain a competitive edge in the marketplace. Recent survey conducting among 447 Human Resources Directors has shown that employee engagement became the biggest hurdle in 2018 at 44%, followed by retention at 36%, recruitment at 33% and succession & planning at 26% (Muller-Heyndyk, 2019). Employee engagement should receive a great deal of attention from contemporary organizations, as the disengaged employee would result in significant loss to the organization. The behavior of disengaged employees, such as become robotic, laziness, and no effort to perform in their jobs, can give a negative
impact on the growth of the organization (Allam, 2017). Moreover, a weakening in employee engagement levels can affect productivity, customer service and performance (Mone, Eisinger, Guggenheim, Price, & Stine, 2011)

Nevertheless, rapid change of modernization has led the needs of the workforce with the adaptability skills in the labor market demands (Othman, Kamal, Alias, Ismail, & Sahiq, 2018). Thus, contemporary challenges in the workplace cause decision-maker to think about investing in the concept of employee engagement as it has become common as a method to increase the labor productivity, compete highly in the international economy, and achieve organizational objectives (Al Mehrzi & Singh, 2016). It is a challenge for the organization to have engaged employees as they need to engage not only the body of the employee but also the soul and mind each of them (Bakker & Albrecht, 2018). Further, supports from the managers allow subordinate to commit the job and subsequently to the organization (Alias, Othman, Koe, & Ridzuan, 2017). It clearly shows the importance to concentrate on engaging employees, both intellectually and emotionally.

In recent years, research interest on employee engagement has developed dramatically (Eldor & Vigoda-gadot, 2016). Moreover, the term employee engagement becomes popular in the past two decades and gained prominence as a human resource and business strategy (Khodakarami, Dirani, & Rezaei, 2018). Past studies have proved that employee engagement could be predicted from various factors such as training and career development (Bedarkar & Pandita, 2014). In fact, some previous studies have mentioned that the leadership style, organizational culture, and compensation also play a crucial role in influencing the employee engagement in the organization (Karthikeyan, Devi, & Mirudhubashini, 2013).

Although there are countless articles and reports produced to show how raised levels of engagement can lead to organizational profitability and competitiveness (Attridge, 2009; Bailey, Madden, Alfes, & Fletcher, 2017) and how firms benefits on financial performance through engaged workforces (Saks, 2017), engagement surveys continue to record the descent in engagement levels and the deepening disengagement among employees worldwide (Saks, 2017). In a recent survey, Gallup has reported a pressing dilemma on engagement issue by showing the percentage of "engaged" U.S. workers are only at 34% and the percentage who are "actively disengaged" is at 13%. While, the remaining 53% of workers are in the "not engaged" category (Harter, 2017). Further observation indicates that Malaysia is slowly improving in terms of employee engagement, increasing only by four points to 63% this year and the country still ranks among the lowest in the region, falling behind their neighboring countries like Indonesia and Philippines (Oehler & Adair, 2018).

Researchers barely know about the antecedents that lead to engagement (Rana, Ardichvili, & Tkachenko, 2014; Rich, Lepine, & Crawford, 2010; Saks, 2006; Wollard & Shuck, 2011). Majority of findings of employee engagement were concluded from practitioner journals which had been conducted based on practice rather than theory and empirical research (Robinson, Perryman, & Hayday, 2004; Saks, 2006). There is no one fixed model that shows the relevance and significance of the influence of all variables because different employees lay different emphasis on those variables impacting engagement (Chandani, Mehta, Mall, & Khokhar, 2016; Saks,
2006). Thus, the practitioner must first understand the factors that lead to engagement in the workplace in order to practically boost, preserve and achieve the desired outcome of employee engagement (Hale, 2016; Knight, Patterson, & Dawson, 2016). Hence, it shows that employee engagement remains a vital issue in worldwide and worthwhile to be explored to identify the captivating perspectives that remain to be studied (Kwon & Park, 2019). Therefore, employee engagement is considered a pervasive problem in HR, and studies should be continued to investigate the various factors that may influence employee engagement in organizations, mainly leadership, compensation, and organizational culture.

**Literature Review**

**Employee Engagement**

Employee engagement can be described as how the employees show full commitment towards their jobs, emotional bonding and focus on long-term goals (Ganesan, Zainal Ali, & Fageeh, 2017), and physically, emotionally and cognitively perform in their job (Sanneh & Taj, 2015). Engagement first entered in the academic glossary was in an Academy of Management Journal article, “Psychological Conditions of Personal Engagement and Disengagement at Work” (Kahn, 1990). Kahn proposed personal engagement/disengagement as “the harnessing of organization members’ selves to their work roles. Additionally, (Kahn, 1990) in his seminal research has conceptualized engagement as role-related, reflecting the extent to which an individual is psychologically present in a particular organizational role.

Meanwhile, (Saks, 2006) had distinguished between job engagement and organization engagement. Job engagement focuses on enthusiasm for performing the job itself, while organization engagement entails enthusiasm for the employee’s company. In his research, he found that job and organization engagement are different due to their relationship with antecedents and consequences were distinct and organization engagement was a much stronger predictor of all of the outcomes than job engagement. Besides, Shuck & Wollard (2010) contended that employee engagement is “an individual employee’s cognitive, emotional, and behavioral state directed towards desired organizational outcomes” (p. 103).

According to Gallup, employee engagement can be categorized into three categories which are engaged employees, followed by non-engaged or disengaged and disengaged. The engaged employee is the employee that happy in doing their task, passion, energetic and goes the extra mile for the organizational growth while the non-engaged or disengaged employee is the employee who is still working without any passion towards the job and always passive. Meanwhile, actively disengaged employees are employees that unhappy at their work and influence the same to other employees and disengaged the others (Azoury, Daou, & Sleiaty, 2013).

The rapid change in global technology and economic had caused the change of organizational culture and the perspective of engagement in the workplace. Hence, many studies have conducted and proved that numerous factor could contribute to predicting employee engagement. As such, predictor of employee engagement in this study is focusing on leadership style, organizational culture, and compensation (Karthikeyan et al., 2013). However, another study has found that communication is associated with employee engagement (Bedarkar & Pandita, 2014; Karanges,
Johnston, Beatson, & Lings, 2015). Furthermore, work-life balance also has associated with the employee engagement as they are given the authority to do their task on their own way which in turn increase the intention of current employees to stay and increase the productivity of the company (Ganesan et al., 2017). Many studies have proved that employee engagement may influence organizational effectiveness. Employee engagement has been found to have a positive relationship with the organizational outcomes, which, in turn, improve the profitability and drive to better financial performance (Choo, Mat, & Al-omari, 2013). On the other hand, employee engagement will retain the best employees and the organization (Macauley, 2015) and become more creative, and innovative in their jobs which enhance the growth of the organization (Bakker & Albrecht, 2018).

Leadership
Leadership is the ability of a leader to induce their subordinates with respect, loyalty, and cooperation (Mkheimer, 2018). Additionally, leadership can be described as a process to influence the subordinates in the desired manner in achieving the goals of the organization (Nanjundeswaras & Swamy, 2014). Meanwhile, leader refers to the individual that as a leading or higher position within the organization and able to influence others and practice a high level of control include chairman, top management, head of the department, and supervisor (Xie et al., 2018). Leadership and employee engagement has found to have positive and significance relationship (Ngure & Makokha, 2016; Sanneh & A.Taj, 2015). Moreover, leadership style has become the most influential factor towards the employee engagement followed by work-life balance, communication and pay and benefits (Ganesan et al., 2017). In addition, the behavior of a leader will encourage the motivation of employees to work effectively and play important roles in developing a positive working environment (Dari, Jabeen, & Papastathopoulos, 2018).

Compensation
Compensation can be defined as all forms of financial returns that an employee receives as rewards through an employment relationship (Karia & Omari, 2017). Previous studies have proved that compensation as an instrument to provide financial value in exchange for work performed by employees. (Abdul Rashid, Othman, Othman, & Abdullah, 2016; Patnaik & Padhi, 2012). Compensation also understands as an intrinsic and extrinsic reward earned by the employees as a part of the employment relationship (Calvin, 2017). Besides, compensation systems recognized as one of the greatest power of management tools for motivating, shaping, and correcting the attitudes of employees, as it contains vital messages about the organization values and practices (Janicijevic, 2013). Employees that perceived paid fairly if compensation that they receive is equitable with the scope of their job, they will feel compelled to their jobs and successful of the organization (Saks & Rotman, 2006). Compensation has a boundless impact on employee engagement in the present-day. The previous study proved that compensation could increase the engagement between employee and organization if employees received pay according to their competencies and performance (Feraro-Banta & Shaikh, 2017). Besides, compensation also can increase the motivation of the employees to perform
in their jobs, which, in turn, raise the level of engagement of employees in the organization (Gulyani & Sharma, 2018).

Organizational Culture
Over several decades ago, culture has developed in the organization to handle its employee and to promote the value and belief in their organization (Elsbach & Stigliani, 2018). Organizational culture can be defined as a value, and assumptions about the company among the employees that can drive employees to perform well in their jobs (Pepra-mensah & Kyeremeh, 2018). Besides, organizational culture can be described as organization’s expectation, philosophy and value that will guide the employee attitudes and it will express the employee self-image, and interaction with other people regarding the future outlook (Bakker & Albrecht, 2018). Organizational culture believed could provide a framework about the behavior of employees in their workplace, and its impact positively or negatively on employee engagement (Jablonowski, 2017). Additionally, organizational culture also has a positive association with employee engagement in the organization as a healthy corporate culture will lead to the high level of commitment as their role in their work (Pepra-mensah & Kyeremeh, 2018).

Research Methodology
Measurement
This study is inquiring into the factors that may affect employee engagement among employees in the construction industry. Quantitative research had conducted which incorporates scientific research to investigate the relationship between the independent and dependent variables. The instrumentation for this study comprises of self-administered questionnaires as a primary source. By using a Likert type scale one until 5, a set of the survey was administered to the respondents via the online questionnaire method. Data are collected by using SPSS software (version 23.0). The Cronbach alpha values for both pre and actual test are above 0.7. It shows that this study is reliable.

There are two components involved in the survey which are the first component is to describe the demographic profiles while the second component of the questionnaires is consist of Likert type scale (1-5). The survey used to measure the relationship among variables in this study was adapted from the previous research which are employee engagement (9-items) (Schaufeli & Bakker, 2003), leadership (6-items) (Graen, Novak, & Sommerkamp, 1982) and compensation (8-items) (Lawler & Hall, 1970) and organizational culture (6-items) (Mauill, Brown, & Cliffe, 2001).

Sampling and Data Analysis
The sample of the target population for this study drawn from all employees listing in a construction company located in the Southern region of Malaysia. This study conveniently select 150 respondents from various positions and division or department in the organization. It is consistent with (Hair, Ringle, & Sarstedt, 2011) which explained that acceptable sample size should be more than 10-20 times of the selected items. SPSS software (version 23.0) has been used to analyze the data. Multiple regression analysis was performed to identify the relationship between
variables and test the hypotheses. Moreover, this analysis also identified the most significant predictor that influenced employee engagement.

Findings and Discussions
In this section, the relationship between independent variables and the dependent variable were analyzed.

As given in Table 1, the first variable leadership shows a significant relationship with employee engagement ($\beta=0.164$, $p=0.032$). This result indicated that leadership has a significant and positive relationship with employee engagement in this study. Therefore, this finding is consistent with the previous research which found that leadership was positively correlated and significantly predicted employee engagement (Karthikeyan et al., 2013). This study has been conducted in construction firms at Coimbatore city to know the factor that influences employee engagement. Besides, this study also consistent with another study conducted in Malaysia construction companies, which shows that leadership and employee engagement to be significant (Liu, Kee, Feng, & Ahmad, 2017).

Moreover, the second variable, compensation also shows a significant relationship with employee engagement ($\beta=0.290$, $p<0.000$). Therefore, this indicates compensation also has significant and has a positive relationship with employee engagement. This finding was consistent with the previous study, which showed that there is a significant relationship between compensation and employee engagement (Karthikeyan et al., 2013). Also, this finding consistent with another study that has conducted in Health Care Industry in Malaysia which indicated that there also has a significant relationship between compensation and employee engagement in the organization (Ganesan et al., 2017).

The third independent variable in this study is organizational culture, where this variable has proves that organizational culture has significant and has a positive relationship with employee engagement ($\beta=0.499$, $p<0.000$). The similarity of this finding was found to be consistent with the previous study which shows there is a significant relationship between organizational culture and employee engagement in the construction firm (Karthikeyan et al., 2013). Therefore, it means that all three independent variables predict the dependent variable.

| Table 1 |
| THE RELATIONSHIP BETWEEN LEADERSHIP, COMPENSATION, ORGANIZATIONAL CULTURE AND EMPLOYEE ENGAGEMENT |
| Multiple regression results between Leadership, Compensation, Organizational Culture, and Employee Engagement |

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td>.185</td>
<td>.085</td>
<td>.164</td>
<td>2.174</td>
</tr>
<tr>
<td>Compensation</td>
<td>.381</td>
<td>.094</td>
<td>.290</td>
<td>4.073</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>.474</td>
<td>.072</td>
<td>.499</td>
<td>6.583</td>
</tr>
</tbody>
</table>

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Additionally, the highest beta value is for leadership style (\(\beta= 0.499\)). This indicates that organizational culture is the most significant influencing factor on employee engagement among employees in the construction industry followed by compensation (\(\beta=0.290\)) and leadership (\(\beta= 0.164\)).

Three factors were tested to identify which may contribute to employee engagement and the findings has showed that all the factors were predictor towards the independent variable. Construction industry considered as a project-based in nature associated with multi-corporations in temporary organization and which definitely rely on professional-managerial leadership styles in the industry. Indeed, leadership style has a significant role in intensifying the interest and commitment, which directly influence engagement among the stakeholders in the organization. (Udhayakumar & Karthikeyan, 2014) has stressed that effective and efficient leaders need to lead the team to achieve the project and organizations goals continually. By exploring the power distance in Malaysia, it can be explained that the importance of leadership style among Malaysian firms whereas manager and superior seen as an example or role-model in the organization, particularly in the construction industry. Thus, project leader leaders need to be more trustable, honest, fair, and communicative to ensure employees are more vigorous, dedicated as well as absorbed in their work. This is supported by (Ganesan et al., 2017; Ismail & Fathi, 2019).

Compensation systems are one of the most influential management tools for motivating, shaping, and modifying the behavior of employees. Indeed, compensation also recognized as an essential element of employee engagement, which may drive the employees to make a more significant effort towards their personal and organizational growth. Employees show a more substantial deal of concern toward the reward and compensation system of their firm because it acts as the more potent factor to make them engage (Sanneh & A.Taj, 2015). With the rapid growth of construction technology, construction industry demands their employees to become more knowledge-intensive and innovative in parallel with sustainability trends. The job demands and significant responsibilities in this industry may lessen the level of engagement among employees critically among the professionals. Thus, compensation has played an essential role in this phenomenon as employees will be gratified to the jobs, and the success of an organization if they perceived the pay that they received is fairly and equitable. This is consistent with (Inayat, 2017; Kahn, 1990; Sharma & Sharma, 2014).

Culture is a critical element among construction firms as it shaped how the way partners act around each other. The nature of the construction industry is dynamic and adversarial, which demands the player in this industry to continually confronted with new partners in a changing environment. Besides, smooth coordination among the firms in temporary organizations will ensure the success of projects. Therefore, it is essential for firms in this industry to understand their own organizational culture to enable them to better manage their business and avoid misconception among partners. This could strengthen the quality and performance as well as customer services provided towards their client in the long run. It is, therefore, concluded that proper organizational practices and strong company's culture might produce employees that engaged and understand what is expected of them and their work-
role in achieving the organization’s goals. This is supported by (Ngure & Makokha, 2016; Pepra-mensah & Kyeremeh, 2018)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.826a</td>
<td>.682</td>
<td>.673</td>
<td>.36881</td>
</tr>
</tbody>
</table>

The results in Table 2 indicated that the regression model was statistically significant and the r-square value of 0.682 explained that 68.2% of the variation within the dependent variable could be explained by all three independent variables which include resilience, optimism, and hope. Hence, the other 38% variations are described by the other independent variable that is not studied in this research.

**Conclusion**

Employee engagement and its antecedent is undoubtedly important for both organizations and individuals. Thus, understanding on how relevance and significance of the influence of different variables towards engagement is a relevant issue both in academia and in the business world. Given little know about the antecedents that lead to engagement, this study presents a contribution to fulfill this gap in the literature. The study offers a more comprehensive understanding of what drives the level of employee engagement among the employees, specifically in the construction industry. Overall, the findings highlighted the influence of leadership, compensation, and organizational culture in enhancing employee engagement; hence, the results demonstrate there is a statistically positive significant relationship between all variables towards employee engagement.

Thus, the findings offer essential insight for managers and employers on the construction industry to implement policies and devise human resource management (HRM) functions to enhance employee engagement level in the organization. Since leadership concept is not “One size fits all,” hence, the manager in this industry need to apply different leadership styles at various stages of their projects to benefit from the power distance in Malaysia.

Managers and employer need to establish better compensation policies which prove the justice of rewards among the employees. Firms in the construction industry need to emphasize on making the rewards system fair and equitable since it one of the tools to engage the employees and make them gratified to the jobs in higher job demands. Further, it is recommended that priority should be given on organizational culture as it is a vital element among construction firms to operate in a dynamic and adversarial environment. Emphasis could be placed on employee development, communication, social behavior, and collaboration to improve employee engagement. In other words, a firm with a stronger company’s culture will get better employees in performing their job.
Additional, future research can also be expanded by conducting a comparison study between small and large construction companies in Malaysia. In addition, future researcher also can analyze the other factors that may contribute toward employee engagement give a better picture of the issues.

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