Determinants of Employee Engagement in Hotel Industry in Malaysia.

A Theoretical Model

Siti Subaryani Binti ZAINOL
Suhaili binti Mohd HUSSIN
Maisarah Syazwani binti OTHMAN

1,2,3, Faculty of Business and Finance, Universiti Tunku Abdul Rahman, Perak Campus, 31900, Kampar, Perak D.R., Malaysia, 1 E-mail: subaryani@utar.edu.my, 2 E-mail: suhaili@utar.edu.my, 3 E-mail: maisarah@utar.edu.my

Abstract

The purpose of this paper is to examine the factors that influence the employee engagement in hotel industry in Malaysia. Four independent variables have been identified as the factors that are going to be tested in this research which are training and development, internal communication, rewards, and leadership. Effective and good employee engagement programs contribute to increase commitments, motivation, morale and innovation. Therefore, the ultimate improvements on performance and profitability of an organization and it can help all the organization to build their employee engagement among employees. This study was targeted to employees who currently work at hotel industry in Malaysia as this industry has been recognized as a potential prospect in the growth of the service industry in Malaysia.

Theory of Social Exchange Theory (SET) has been chosen as underlined theory in this research.

Key words

Employee engagement, training and development, internal communication, reward, leadership, Malaysia

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1. Introduction

Employee engagement is defined as the positive attitude held by employees or their commitment and involvement level towards the organization and its value (Sharmila, 2013). According to Karatepe and Olugbade (2009), engaged employees are more likely to remain with its current organization. Besides, a high level of employee engagement enables hotel employers to attract new talent in the labor market (Basbous, 2011; Wildermuth and Pauken., 2008; Gruman and Saks, 2011; Kong, 2012; Wheeler, 2012).

Research done by Awang, Ishak, Radzi and Taha (2008), one of the most popular industries in Malaysia is hotel industry and it comprises different hotel ratings. Hotel ratings are often used to categorize each hotel’s rating according to their quality, cleanliness, and services provided (Rhee and Yang, 2015). Based on the statistics from Tourism Malaysia (2008), there is increasing numbers of tourists’ arrival and newly opened hotels which offering more rooms in Malaysia (refer table 1). Hence, the hotel industry in Malaysia grows rapidly consistent with its tourism industry. According to Abdullah, Abdul Karim, Abdul Patah, Zahari, Nair and Jusoff (2009), they mentioned potential prospect in the growth of the service industry in Malaysia was hotel industry. Yet, there were high turnover rates of employees who worked in the hotel industry because the growth of hotel industry is being impeded. Supported by Armstrong (2009), he mentioned that effective and good employee engagement programs contribute increasing of commitments, motivation, morale and innovation with the ultimate improvement on performance and profitability of an organization. This research will focus on determining the key factors that affect employee engagement in hotel industry.

<table>
<thead>
<tr>
<th>Year</th>
<th>Tourists Arrival</th>
<th>Hotels</th>
<th>Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>24,577,196</td>
<td>2367</td>
<td>168,497</td>
</tr>
<tr>
<td>2011</td>
<td>24,714,324</td>
<td>2707</td>
<td>193,340</td>
</tr>
<tr>
<td>2012</td>
<td>25,032,708</td>
<td>2724</td>
<td>195,445</td>
</tr>
<tr>
<td>2013</td>
<td>25,715,460</td>
<td>3094</td>
<td>209,527</td>
</tr>
<tr>
<td>2014</td>
<td>27,437,315</td>
<td>4072</td>
<td>262,021</td>
</tr>
</tbody>
</table>

Source: Tourism Malaysia
2. Problem statement

According to Deloitte (2010), “nearly twice the average rate for all other sectors” was the turnover of hospitality industry. Turnover rate in hotel industry is an ongoing issue as it was increasing rapidly (Dusek et al., 2014). In academic organizational behavior research, Karatepe and Demir (2014) mentioned an employee engagement is popular in practitioner research. According to Datche and Mukulu (2015), they measured based on one factor which is transformational leadership on employee engagement in Kenya. The previous study focused in one out of four of the independent variable which will conduct in this present. In contrast, this present research will conduct in Malaysia and adopt four independent variables which related to human resource practices.

Besides, the previous study signified that financial offshore organizations were an important industry to measure on employee engagement in India (Gupta et al., 2015). In the other hand, the past study of Lee and Ok (2015) examined the work engagement with the self-evaluation of employee and the organizational work environment in US. The researchers only focused in the financial industry and relationship dimension rather than the human resource practices to conduct in Malaysia.

Nasuradin and Choo (2014) conducted a research to measure the relationship between service-oriented organizational citizenship behavior and human resource management practices in Malaysia. However, the past study has been conducted in hotel industry in Malaysia which is consistent with this present research. Therefore, this present study will focusing in the factors that influence employee engagement in hotel industry in Malaysia rather than the impact of specific human resource practices.

Hence, the motivation for this research is to address these problems and fill the existing gaps in engagement literature where to identify the most significant and important factors of employee engagement on hotel industry in Malaysia.

3. Theoretical foundation

Social Exchange Theory (SET) is a framework applied in this study and was developed by Blau (1964) and Emerson (1972). The development of SET will be shown in the table 2 in the below. SET will be used in this research because it explains employee engagement with a stronger theoretical rationale (Saks, 2006). According to Andrew and Sofian (2012), most of the past recent studies use Social Exchange Theory (SET) on employee engagement.

According to Emerson (1981), SET involves two persons who provide benefits to each other and contingent upon benefits from the other. According to Blau (1964), SET provides a basis for organization and managers to understand their roles to create the feelings of employee obligation and positive work attitudes in an organization. Therefore, the theory explains the person will choose to maintain depend on how satisfied a person will be with the relationship (Jamandre and Arce, 2011).

Table 2. Development of Social Exchange Theory

<table>
<thead>
<tr>
<th>Development</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>All of the giving behavior referring to the rationality and logic of reciprocity.</td>
<td>Frémeaux and Michelson, 2011</td>
</tr>
<tr>
<td>Suggestion to emerge emotional dynamics specifically within entrepreneurial behavior so that it can strengthen the business.</td>
<td>Goss, 2008</td>
</tr>
<tr>
<td>Shows how the relationship can change between the reciprocity exchange and non-reciprocity exchange based forms, it shows behavior can influence the based forms.</td>
<td>Ballinger and Rockman, 2010</td>
</tr>
</tbody>
</table>

Source: Developed for the research

SET has been used in many areas such as tourism industry used to determine the execution and perceptions towards tourism, such as the affection of tourism impacts on local support and attitude (Coulson et al., 2014). In federal workplace, SET also has been used to examine the psycho-social aspect in mentoring relationship, especially when mutual trusts are required for employees (Chad, 2014). Scientists applied the theory in many areas such as anthropology, behavioral psychology, utilitarian economics, sociology or social psychology (Nammir et al., 2012).
Table 3. Concepts in the Social Exchange Theory

<table>
<thead>
<tr>
<th>Concept</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>The relationship and different between rewards and costs (Rewards - Cost = Outcome).</td>
<td>Dainton and Zelly, 2011</td>
</tr>
<tr>
<td>Comparison Level</td>
<td>Satisfaction between two individuals is based on the previous experiences and expectations on their workings.</td>
<td>Thibaut and Kelly, 1959</td>
</tr>
<tr>
<td>Comparison Level of alternatives</td>
<td>Acceptance to a relationship of an individual to the lowest level of outcome, taking consideration of available alternatives. It explains the decision to remain in or leave in a relationship.</td>
<td>Thibaut and Kelly, 1959</td>
</tr>
</tbody>
</table>

Source: Developed for the research

In the table 3, it is stated the definitions of three concepts of SET. According to DeConinck (2010), SET is a prominent theoretical paradigm for understanding employee attitudes. The concepts of this theory determine the behavior of the employees which leads to the profit in the organization indirectly.

SET can be used by employer to determine the level of the engagement of their employees in their own jobs. According to Saks (2006), the level of engagement is the way the employee repays their own organization. The employees will decide the level of engagement in relation to the resources they obtain from the organization (AbuKhalifeh and Mat Som, 2013). Training and development and rewards are categorized in organization attractiveness; leadership and internal communication are categorized in organization practices. According to Kostova and Roth (2002), organizational practice is behaviors and actions of employees which will influence organization culture while organization attractiveness is the willingness of employees to accept and their perceptions towards the employment offer by the organization and wish to continue the job in the same organization (Tsai and Yang, 2010).

According to Bedarkar and Pandita (2014), internal communication is an organizational practice by conveying the organizational values to all employees. Leadership is an organizational practice to show respect for each employee’s qualities and contribution (Sharmila, 2013). Training and development and rewards are organization attractiveness because it serves as an additional lever for enhancing engagement and commitment (Shilpa, 2013). Thus, the three concepts of SET can be used to examine the relationship among organization attractiveness, organization practices and employee engagement. Employees will make a comparison with previous training and development and higher expectation from other companies, if they are satisfying with the training and development in a company they will engaging to the company for a long period. This lead to the concept of SET which is the comparison level.

Internal communication practices in an organization influence by organization culture. Employees need to adapt to the new environment by taking consideration of available alternatives to engage in the company and it lead to the concept of SET which is the comparison level of alternatives. Furthermore, rewards will be compared between employees and it lead to the concept of SET which is the outcome. If the employees think that the rewards do not meet their expectation, they may choose to not engage to the organization. Employers as a leader will always lead employees during daily operation. Employees may decide whether to continue a relationship or terminate a relationship with employers depends on the worthiness of a relationship and it lead to the concept of SET which is the comparison level of alternatives.

Comparison level leads to comparison of employees’ current outcome value. It is inappropriate if the relationship will end if the individuals are dissatisfied with the organization attractiveness. Employees will applied the social exchange theory when the employees are satisfied with the organization attractiveness offered by organization, they will commit with the organization.

4. Employee engagement

Employee engagement is made up of involvement, job satisfaction and commitment which employee apply employee’s operational excellence to provide the better customer service (Devi, 2009; Scott and McMullen, 2010). Employee engagement also defined as positive feeling that employees have towards their jobs and motivate them to put more effort into it (Sadiqe, 2014). Nowadays, companies try to seek any method to engage their employees and change the way to manage their employees. Organization cannot survive for long period of time if without employee engagement.
5. Training and development

Training and development is defined as specific efforts made to develop the skills to their employees by the employers so that new knowledge and skills can be utilized their potentials in performing their jobs (Ologbo and Sofian, 2013).

The article of Khan and Altaf (2015) focuses to identify the importance dimension in an organization which influences employee engagement to overcome the difficulty while engaging employment and developing effective strategies for organization. Data collected through questionnaire from 125 employees of major organization working in Pakistan and it tested by using regression analysis. Outcomes show there is significant relationship between employee engagement and training and development.

Tahir, Yousafzai, Jan and Hashim (2014) examine the relationship between training and development and employee’s performance and productivity which lead to engagement of the employees. Data collected through questionnaires to the selected eighty united banks limited which located in Pakistan and tested by using Pearson correlation and Cronbach alpha. The outcomes show that there is significant relationship between the two variables which are training and development and employees’ performance and productivity. According to Rashid, Asad and Ashraf (2011), the study investigates the factors influencing employee engagement and relation of employee engagement to organizational and personal performance in the banking sector of Pakistan. Data collected through 250 employees in Private commercial banks with questionnaires and using independent sample t-test and structural Equation Modeling to analyze. The result shows insignificant relationship between employee engagement and training and career development.

6. Internal communication

Ryynanen, Pekkarinen and Salmininen (2012) defined internal communication as an internal organizational process that provide and share information to create a sense of community and trust among employees. It is important for the management and employees to build a culture transparency and thus can engage employees in the priorities of the organization (Mishra et al., 2014). Sarangi and Srivastava (2012) has studied the benefit and factor of the organizational and communication on facilitating employee engagement especially in the Indian private banks. This study is targeting the respondents of Indian private banks. By using the survey questionnaires method, 247 data were collected and tested by using multiple regressions. The result shows that there is a significant impact between organization communication and employee engagement.

In a research conducted by Karanges, Johnston, Beatson and Lings (2015), the authors tend to examine the importance of the relationship between internal communication and employee engagement. This research was conducted by using online survey method with the target respondent of Australian organization employing over 50 staffs. By using online survey, 200 data were collected and tested with linear regression analysis. The result has showed a significant and positive relationship between internal communication and employee engagement. A research conducted by Lee and Ok (2015) was aimed to provide theory-based empirical evidence on whether employee core self-evaluations and the psychological climate affect employee engagement. They targeted hotel line-employees and managers in the USA as their target respondents. An online survey was carried out and 394 data were collected and tested with hierarchical multiple regression analysis. The result shows that there is a positive relationship between psychological Climate (internal communication) and employee engagement.

7. Reward

According to Armstrong (2009), rewards can comprise of financial (extrinsic rewards) like pay, bonuses, and other financial rewards, given to employees or non-financial like extra holiday, voucher schemes element or combination of both the financial and non-financial, which are partial or total rewards. Rewards system has a great influence and effect on employee engagement and commitments. Besides, it makes the staff more motivated, excited, interested and ready to positively identify with the organization strategies goals and objectives. In a research conducted by Hassan, Hassan and Shoaib (2014) was aimed to examine the effect of psychological empowerment, perceived organization support and reward system on employee satisfaction via the mediation of employee engagement. Data was collected from 200 employees
in five big banks of Pakistan by using questionnaire survey. Correlation and regression analysis was conducted and the result indicates there is a significantly positive relationship among reward system and employee engagement.

According to Ram and Prabhakar (2011) was aimed to identify the antecedents and effects of employee engagement in Jordanian Industry. The data collected by using the research instrument and 310 respondents from Jordanian hotel participated the interview. The sample included of employees from various levels of management. Pearson correlation coefficient was conducted and the result indicated a strong positive correlation between extrinsic and intrinsic employee engagement and rewards. Khan and Altaf (2015) examined the impact of important extent on employee engagement from organizations in Pakistan. Their data was collected from 125 respondents from the major organization working in Pakistan by using through questionnaires. Regression analysis was used and the result indicates there is significant relationship among rewards and employee engagement.

8. Leadership
Leadership is a quality or a response of leaders to environments or both (Billsberry, 2009). Since a leader behavior act is a source of motivation and satisfaction for employees and also creates a healthy environment to support employee work engagement, thus the level of employee work engagement can be enhanced by exercising different styles of leadership (Bakker et al., 2011). In a research conducted by Datche and Mukulu (2015), the authors tend to examine the effect of transformational leadership on employee engagement. The research was conducted by using structured questionnaire. The survey data collected from 252 civil servants from 18 top performing state corporations in Kenya and tested with linear regression. The result shows a significant and positive relationship between leadership behavior and employee engagement. In the research conducted by Wahyu (2014), the studies focus on the impact of supportive leadership and employee engagement on the organizational citizenship behavior (OCB). The research was conducted by using questionnaire. The survey data collected from 300 employees in service organizations in Yogyakarta, Indonesia. The result shows that supportive leadership and employee engagement have direct positive relationship between each other.

According to Xu and Thomas (2011) was examined the association of leader behaviors with engagement. The data collected from 236 employees with response rate of 90.4 percent from the large New Zealand-based insurance company by using the research 360-degree feedback instrument. The online surveys were completed through the internet. The result indicates there is strong positive relationship among leadership and employee engagement.

9. Research framework
Based on the above discussions, the study proposes the following research framework:
10. Conclusions

On the basis of the literature review, a conceptual model has been developed. Further research should be carried out to test, validate and enhance the model. The results obtained will be presented in a later article.

References


