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A Study on Employees Engagement in Manufacturing Companies in Malaysia: The Role of Monetary and Non-Monetary Incentives

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ABSTRACT

Background: The key to retaining an employee in the organization needs a good and effective incentive system. **Objective:** This study identified the types of monetary and non-monetary incentives among employees in the manufacturing sector in Ipoh, Perak, Malaysia. Herzberg's Motivation and Hygiene Theory was used in this study to assess the level of engagement of employees within an organization. **Results:** The dependent variable was employee engagement, while the independent variable consists of pay rise, bonus, training & development and conducive working environment. 478 respondents took part in this research, giving a response rate of 91.3 %. SPSS was used to analyze the data while descriptive analysis, normality test, reliability test, Pearson's Correlation and Multiple Linear Regression Analysis were conducted to interpret the data obtained. Monetary incentives have been identified as one of the strongest motivators for inducing employees to perform better. **Conclusion:** Based on the research, it was identified that the management of the companies should provide a conducive working environment for employees to foster a better employee engagement. Monetary and non-monetary incentives affect employees' engagement in Ipoh's manufacturing industry.

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INTRODUCTION

Due to the effect of globalization and financial crisis in the modern era, employee engagement has become a major concern among organizations. Financial crisis plagued together by economic recession has caused employees to suffer losses in terms of wages, bonuses, salary freeze, downsizing, pay cut and many more. In a situation like this, employees will leave for better working opportunity and the company may have to bear the risk of lost worker and talent (Scott & McMullen, 2010).

In the 21st century, employee engagement is seen as an important factor for an organization (Saks, 2006). Scott and McMullen (2010) define employee engagement as employee's involvement, job satisfaction and commitment to the organization. They are the most prized asset of an organization (Drucker, 2002). Saks (2006) argues that organizational commitment also differs from engagement in that it refers to a person's attitude and attachment towards their organization, whilst it could be argued that engagement is not merely an attitude; it is the degree to which an individual is attentive to their work and absorbed in the performance of their role.

Best Employers acknowledge that people are their most important asset in achieving the business results they need to succeed in the marketplace. This is why the aim of Best Employers is to build and sustain an engaged workforce. Acknowledging this link between people practices and business results is what puts The Best ahead of The Rest. Engagement is a measure of the energy and passion that employees have for their organizations. Engaged employees are individuals who take action to improve business results for their organizations. They "stay, say, and strive"—stay with and are committed to the organization, say positive things about their workplace, and strive to go above and beyond to deliver extraordinary work. Among Best Employers, leaders have a clear understanding of what engages their workforce; they strive to align employee needs with business priorities and in doing so, build a work environment conducive to success.

In 2004, International Survey Research (ISR), the international research consultancy, completed a major survey into the nature and causes of employee engagement and how companies can improve engagement to

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enhance business performance. The survey was conducted across ten of the world's largest economies - Australia, Brazil, Canada, France, Germany, Hong Kong, the Netherlands, Singapore, the UK and the USA, involving nearly 160,000 employees from across a broad spectrum of industries. The survey highlights large variations among the 10 countries in terms of employees' overall commitment to, and involvement with their employers. For example, in Brazil and in the US, 75% of employees were found to be engaged with their companies, whilst only 59% of French employees were engaged. The research demonstrates that one size does not fit all when it comes to motivating employees to engage with their company and work. For example, in Australia, Singapore, and Hong Kong, the extent to which company management is respected emerged as an influential determinant of engagement. In the UK and US, on the other hand, a more important factor was the degree to which organizations provide long-term employment and career opportunities. Hence, manufacturing companies faced increasing challenges in boosting employee's engagement. Therefore, monetary and non-monetary incentives were developed to reward and motivate employees (Zaidi & Abbas, 2011). Monetary incentive is a way of rewarding employees in monetary term such as pay rise and stock option. Non-monetary incentive can be in tangible or intangible form which does not involve any direct cash payment to employees such as training and development as well as pleasant working environment (Robson, 2006).

2.0 Literature Review:

2.1 Employee Engagement:

Employee engagement can be described as employee's involvement, job satisfaction and commitment to the organization which could assist company in achieving better customer service through employee's operational excellence (Scott & McMullen, 2010). The employees' are better committed and willing to stay with the current employer when they are highly satisfied. Conducive working environment, a well-organized process, creative job design and interests in the job performed are some of the traits that enhance employee engagement (Markova & Ford, 2011). Robinson *et al.* (2004) defined employee engagement as "a positive attitude held by the employee towards the organization and its value. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee."



Fig. 1: Workplace factors affecting employee performance (Robinson *et al.*, 2004).

Kahn (1990) in his work of conceptualization of engagement stated that self and role exist in some dynamic, negotiable relation in which a person both drives personal energies into role behaviors and displays the self within the role. He further said that such engagement serves to fulfill the human spirit at work. Alternatively, disengagement is viewed as the defending themselves during role performances. Employee engagement focuses on how the psychological experiences of work and work contexts shape the process of people presenting and absencing themselves during task performances (Kahn, 1990).

2.2 Monetary Incentives:

The purpose of monetary incentives is to reward associates for excellent job performance through money. Monetary incentives include profit sharing, project bonuses, stock options and warrants, scheduled bonuses (e.g., Christmas and performance-linked), and additional paid vacation time. Traditionally, these have helped maintain a positive motivational environment for associates (Kepner, 2001).

Monetary incentives are offered for services rendered by employees (Hochberg & Lindsey, 2010). The two main monetary incentives are pay rise and stock option. Pay rise was chosen because motivating employees through pay-for-performance has been a long established management practice which has a significant positive impact on employees' motivation (Zani *et al.*, 2011). Meanwhile, stock option was chosen since it has become an important element of compensation policy in recent decades and a study conducted in United Kingdom showed that firms with employee option portfolios have higher implied incentives which ultimately exhibit higher operating performance (Hochberg & Lindsey, 2010).

2.2.1 Pay Rise:

Pay rise continues to be important in determining motivation to perform (McCallum, 1998). Past motivational theories such as expectancy and equity theories have predicted variations in motivation as a result of varying valences of outcomes as pay (Das, 2002). However, in practice pay rise is treated as just one of the outcomes and often measured with little precision (Mitchell & Mickel, 1999). According to a study by Mercer (2003), employees will stay if they are rewarded. Employees are usually rewarded based on quality performance. A sense of accomplishment is recognized as important and a strong motivator. Employees tend to remain with the same organization when they feel their capabilities, efforts and performance contributions are recognized and appreciated (Davies, 2011). Employers are increasing their commitment to the use of rewards as essential elements of talent management programs.

2.2.2 Bonus:

Bonus programs reward individual accomplishments and are frequently used in sales organizations to encourage salespersons to generate additional business or higher profits. They can also be used, to recognize group accomplishments. Bonuses are generally short-term motivators. By rewarding an employee's performance for the previous year, bonus programs tend to encourage short-term perspective rather than future-oriented accomplishments. In addition, these programs need to be carefully structured to ensure they are rewarding accomplishments above and beyond an individual or group's basic functions. Otherwise, they run the risk of being perceived as entitlements or regular merit pay, rather than a reward for outstanding work (Humphrey, 1987).

2.3 Non-Monetary Incentives:

The purpose of non-monetary incentives is to reward associates for excellent job performance through opportunities. Non-monetary incentives include flexible work hours, training, pleasant work environment and sabbaticals (Nelson, 2001). Several studies have been conducted on non-financial motivations and some of these studies and appreciation of work done and interesting work were ranked high for example. Lindhal (1949) conducted a series of researches where employees consistently ranked items such as "full appreciation for work done", "feeling on things", and "interesting work" as being more important to them than the traditional incentives (cited in Nelson 2001). Other researchers like, Kovach (1980) and Wilson (1988) later replicated these findings. In the research carried out by Kovach industrial employees were asked to rank ten "motivational rewards" factors based on personal preferences and the appreciation of the work done represented most preferred and the rest being the least preferred. These results can be explained as follows:

Rank:

- 1) Full appreciation of work done
- 2) Feeling of being
- 3) Sympathetic help with personal problems
- 4) Job security
- 5) Good wages and salaries
- 6) Interesting work
- 7) Promotion & Growth
- 8) Employees loyalty
- 9) Good working conditions
- 10) Tactful discipline.

2.3.1 Training and Development:

As we know that training and development refers to the process to obtain or transfer KSA (knowledge, skills and abilities) needed to carry out a specific activity or task ; therefore, benefits of training and development both for employer and employees are strategic in nature and hence much broader. In order to meet the current and future challenges of our business, training and development assumes a wide range of learning actions, ranging from training of the employees for their present tasks and more so, knowledge sharing to improve the business horizon and customer's service. It also focuses on their career development, thus expanding individual, group and organizational effectiveness. A comprehensive training and development program helps in deliberating on the knowledge, skills and attitudes necessary to achieve organizational goals and also to create competitive advantage (Peteraf, 1993). In fact, in the start of the twenty-first century Human Resource Managers have opined that one of the main challenges they are to confront had involved issues related to training and development (Stavrou, Brewster and Charalambous, 2004).

Table 1: Non-monetary incentives desired by different generations of associates.

Mature Workers	Baby Boomers	Generation X'ers	Generation Y'ers
Flexible schedules	Retirement planning	Flexible work schedules	Flexible work schedules
Part-time hours	Flexible retirement options	Professional development	Professional development
Temporary hours	Job training	Feedback	Feedback
	Sabbaticals	Tangible rewards	Tangible rewards
		Work environment	Work environment
			Attentive employers

Source: <http://www2.inc.com/search/16431.html> (Nelson, 1999)

Coaching is regarded as an important source of support to employees in terms of work planning, offering advice as well as emotional support and identifying potential problems (Hakanen *et al.*, 2006). In addition, self-confidence, self-efficacy and a "can do" mindset within employees could also be developed through coaching (Latham, Almost, Mann & Moore, 2005). A research conducted in Pakistan showed that coaching can help employees to better understand at a deeper level of his struggle in the organization and take up a different position in the organization (Mohsan, Nawaz & Khan, 2011).

2.3.2 Conducive Working Environment:

In today's competitive business environment, organizations can no longer afford to waste the potential of their workforce. There are key factors in the employee's workplace environment that impact greatly on their level of motivation and performance. The workplace environment that is set in place impacts employee morale, productivity and engagement - both positively and negatively. It is not just coincidence that new programs addressing lifestyle changes, work/life balance, health and fitness - previously not considered key benefits - are now primary considerations of potential employees, and common practices among the most admired companies (Timpe, 1999).

Many managers and supervisors labor under the mistaken impression that the level of employee performance on the job is proportional to the size of the employee's pay packet. Although this may be true in a minority of cases, numerous employee surveys have shown by and large this to be untrue. In fact, salary increases and bonuses for performance, in many instances, have a very limited short-term effect. The extra money soon comes to be regarded not as an incentive but as an "entitlement". It is the quality of the employee's workplace environment that most impacts on their level of motivation and subsequent performance (Thompson *et al.* (2003). How well they engage with the organization, especially with their immediate environment, influences to a great extent their error rate, level of innovation and collaboration with other employees, absenteeism and ultimately, how long they stay in the job. Many studies have revealed that most employees leave their organization because of the relationship with their immediate supervisor or manager.

The most important workplace environment factors that either lead to engagement or disengagement are shown in the following diagram. There are also other factors that may impact on performance like environmental factors and physical factors. A close consideration of each of these factors is also very useful in ensuring that employees apply the skills they learn during training programs once they return to their workplace (Sims & Kroeck, 1994).

3.0 Research Methodology:

Motivation is an internal force, dependent on the needs that drive a person to achieve. Schulze and Steyn (2003) affirmed that in order to understand people's behaviour at work, managers or supervisors must be aware of the concept of needs or motives, which will help "move" their employees to act. According to Robbins (2001), motivation is a needs-satisfying process, which means that when a person's needs are satisfied by certain factors, the person will exert superior effort toward attaining organizational goals. Theories of motivation can be used to explain the behavior and attitude of employees (Rowley, 1996; Weaver, 1998). The theories include content theories, based on the assumption that people have individual needs, which motivate their actions.

Theorists such as Maslow (1954), McClelland (1961), Herzberg (1966) and Alderfer (1969) are renowned for their works in this field. In contrast to content theories, process theories identify relationships among variables which make up motivation and involve works from Heider (1958), Vroom (1964), Adams (1965), Locke (1976) and Lawler (1973). The main focus of this paper, however, is on Herzberg's theory of motivation.

Herzberg's motivation-hygiene theory, also known as the two-factor theory, has received widespread attention as having a practical approach toward motivating employees. In 1959, Herzberg published his analysis of the feelings of 200 engineers and accountants from over nine companies in the United States. These professionals were asked to describe experiences in which they felt either extremely bad or exceptionally good about their jobs and to rate their feelings on these experiences. Responses about good feelings are generally related to job content (motivators), whereas responses about bad feelings are associated with job context (hygiene factor). Motivators involve factors built into the job itself, such as achievement, recognition, responsibility and advancement. Hygiene factors are extrinsic to the job, such as interpersonal relationships, salary, supervision and company policy (Herzberg, 1966).

Herzberg perceived motivational and hygiene factors to be separated into two dimensions affecting separate aspects of job satisfaction. This belief differed from the traditional approach of viewing job satisfaction and dissatisfaction as opposite ends of the same continuum (Herzberg, 1966). Hygiene factors prevent dissatisfaction but they do not lead to satisfaction. They are necessary only to avoid bad feelings at work. On the other hand, motivators are the real factors that motivate employees at work. The two-factor theory was tested by many other researchers, who showed very different results. Some research has shown that some of the factors declared by Herzberg (1966) as hygiene factors are actually motivators. The results of Herzberg's theory can vary if the test is conducted in different industries. The differences are due to the intensity of the labor requirement and the duration of employment (Nave, 1968). Extensive commentary has emerged about how to distinguish between hygiene factors and motivators. While some factors have proved to fall clearly in one of the two categories, other factors, particularly salary, have proven to be ambiguous as to whether they are motivators or a hygiene factors. Therefore in this research, it has been identified that pay rise, stock option, training and development as well as conducive working environment signifies the best motivators for employees. Pay rise and stock option represent monetary incentives while training and development and conducive working environment represent non-monetary incentives.

3.1 Framework and Hypotheses:

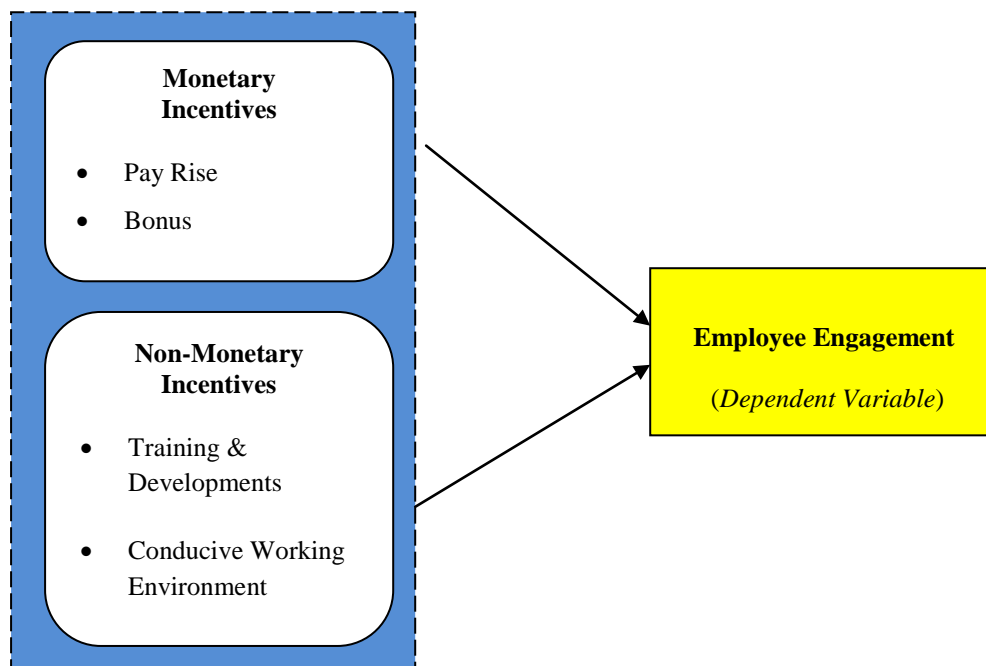


Fig. 3.1: Proposed Theoretical Model.

3.2 Hypotheses of the Study:

The hypotheses of the study are developed as below:

- **H₁**: There is a positive relationship between monetary incentives towards employee's engagement in manufacturing companies.
- **H₂**: There is a positive relationship between pay rise and employee's engagement in manufacturing

companies.

- **H₃**: There is a positive relationship between bonus and employee's engagement in manufacturing companies.
- **H₄**: There is a positive relationship between non-monetary incentives towards employee's engagement in manufacturing companies.
- **H₅**: There is a positive relationship between training and development and employee's engagement in manufacturing companies.
- **H₆**: There is a positive relationship between conducive working environments and employee's engagement in manufacturing companies.

4.0 Research Instruments:

Self-administered survey was used to distribute the questionnaires through internet (emailing the potential respondents) in obtaining responses to test the research hypotheses and proposed model. Social networking sites such as Facebook was also used as an instrument to approach the targeted respondents. Among the 550 sets of questionnaires distributed, there were 499 respondents who answered and returned the questionnaires. However, there were 21 incomplete questionnaires returns which needed to be taken out. 478 cases remained after clearing the incomplete responses. Therefore, the total respond rate of this study is 91.3%.

4.1 Variables and Measurements:

There are four IVs (pay rise, bonus, training and development, conducive working environment) and one DV (employee engagement) in this study. Pay rise is defined as a motivator to enhance employees' personal efforts and performance (Burgess & Ratto, 2003; Swiss, 2005). Bonus pay is compensation over and above the amount of pay specified as a base salary or hourly rate of pay. Training and development is provided to employees to make them feel secure and confident (Salanova & Schaufeli, 2008). Conducive working environment is referred to employees believe that they will be treated fairly in an organization (Pulakos & O'Leary, 2011). Employee engagement refers to employee's involvement, job satisfaction and commitment to the organization (Scott & McMullen, 2010). Each of the variables comprises 5 items. Hence, a total of 25 items were developed. All the sources of variables are adopted and adapted from various journal articles because researches have done some past studies and attained an average reliability of 0.89. All the variables were measured by using the 5 point Likert scale measurement which ranged from "Strongly Disagree" (1) to "Strongly Agree" (5).

4.2 Reliability Test:

According to George & Mallery (2003), reliability is the degree to which measure are free from error and therefore yield consistent results. The reliability of a measure indicates the stability and consistency with which the instrument measures the concept and helps to assess the 'goodness' of a measure (Cavana, Delahaye and Sekaran, 2001). According to Sekaran (2003), the closer the reliability coefficient gets to 1.0, the better it is, and those values over .80 are considered as good. Those values in the .70 is considered as acceptable and those reliability value less than .60 is considered to be poor (Sekaran, 2003). All the constructs were tested for the consistency reliability of the items within the constructs by using Cronbach's alpha reliability analysis. Cronbach's Alpha values in respect of each variable are given in table 4.1 below. Respondents were also assured about the confidentiality as information shared in this regard would be used for academic and research purposes only. In conclusion, the results showed that the scores of the Cronbach's alpha for all the constructs exceeded the threshold of 0.70 indicating that the measurement scales of the constructs were stable and consistent.

Table 4.1: Cronbach's Alpha Reliability Test.

Construct	Alpha Coefficient	Number of Items
Employee Engagement	0.844	5
Pay Rise	0.762	5
Bonus	0.818	5
Training & Development	0.786	5
Conducive Working Environment	0.752	5

4.2 Descriptive Statistics:

4.2.1 Pearson Correlation Coefficient:

Pearson's correlation coefficient (r) is a measure of the strength of the association between the two variables. According to Sekaran (2003), in research studies that includes several variables, beyond knowing the means and standard deviations of the dependent and independent variables, the researcher would often like to know how one variable is related to another. While correlation could range between -1.0 and +1.0, the researcher need to know if any correlation found between two variables is significant or not (i.e.; if it has occurred solely by chance or if there is a high probability of its actual existence). As for the information, a

significance of $p=0.05$ is the generally accepted conventional level in social sciences research. This indicates that 95 times out of 100, the researcher can be sure that there is a true or significant correlation between the two variables, and there is only a 5% chance that the relationship does not truly exist. The correlation matrix between dependent variable and independent variables are exhibited in Table 4.2 below. The findings from this analysis are then compared against the hypotheses developed for this study. Table 4.2 shows the mean value depicting the overall students' satisfaction. As far as this description analysis is concerned, students' satisfaction is above satisfactory level (with a mean value of 3.39 on a 5 point Likert scale). As far as the mean values are concerned students are satisfied on tangibles, reliability, responsiveness, empathy and assurance. Students are likely to be satisfied in their educational institution when the service provided fits their expectations, or they will be very satisfied when the service is beyond their expectations, or completely satisfied when they receive more than they expect.

Table 4.2: Summary of Means and Standard Deviations.

Variables	Local Respondents (Malaysian)		Expatriates (Foreigner)	
	Mean	SD	Mean	SD
Employee Engagement	3.47	0.732	3.28	0.712
Pay Rise	3.37	0.724	3.31	0.734
Bonus	3.41	0.882	3.49	0.862
Training & Development	3.45	0.734	3.14	0.704
Conducive Working Environment	3.26	0.727	3.75	0.717

This research used Pearson Correlation and Regression Analyses. The findings for "employee engagement" show that the mean for Malaysian workers are 3.47 and the mean for expatriates are equal to 3.28. This means that the Malaysian workers agree with the incentives provided and they were more satisfied compared to the expatriates. The mean for "pay rise" show that the Malaysian workers are 3.37 and expatriates are 3.31 respectively. This means that the Malaysian workers are more satisfied with the pay rise received. The mean for "bonus" for Malaysian workers are around 3.41 whereas the mean for expatriates are 3.49, this means that the expatriates are more satisfied compared to Malaysian workers with incentives received. The Malaysian workers' "training and development" is 3.45 while the expatriates mean is 3.14. Local workers' are more satisfied than expatriates with the training and development provided. The mean for "conducive working environment" for Malaysian workers are 3.26 while the mean for expatriates are 3.75. Expatriates are more satisfied than Malaysian workers with the conducive working environment provided.

4.4.2 Multiple Regression Analysis:

In this study, the multiple regression analysis is used as a statistical technique to analyze the linear relationship between a dependent variable and multiple independent variables (Hair *et al.*, 2006). This is a way to recognize whether there is significant relationship between independent variables and dependent variables or not. The model sufficiently explained the variance or coefficient of determination or the R Squared in the effect of control variables relations. According to Hair *et al.*, (2006), the test will be significant if the p-value is less than 0.05. The beta coefficient is used to determine which independent variables have the most influence on the dependent variable.

Hypothesis 1:

H₀: There is no significant relationship between monetary incentives and employee engagement in manufacturing companies.

H₁: There is a positive relationship between monetary incentives and employee's engagement in manufacturing companies.

Table 4.3: The Relationship between Monetary Incentives and Employee Engagement.

Malaysian Workers	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.512(a)	.257	.254	.47951
Expatriates	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.689(a)	.477	.473	.42174

The relationship between monetary incentives and employee engagement was investigated using Pearson correlation coefficients for the two groups of respondents (Malaysian workers and expatriates). The results in Table 4.3 indicates, a positive relationship between monetary incentives and employee engagement among Malaysian workers (R square =.257, $n=478$, $p < 0.05$). This means 26% of their satisfaction is determined by monetary incentives. Meanwhile the relationship between expatriates and employee engagement shows strong and positive relationship (R square =.477, $n=478$, $p < 0.05$). This means that 47% of their satisfaction is determined by monetary incentives. However, expatriates are more satisfied or having stronger relationship

between monetary incentives and employee engagement.

Hypothesis 2:

H₀: There is no significant relationship between pay rise and employee engagement in manufacturing companies.

H₁: There is a positive relationship between pay rise and employee's engagement in manufacturing companies.

Table 4.4: The Relationship between Pay Rise and Employee Engagement.

Malaysian Workers	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.713(a)	.571	.568	.45544
Expatriates	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.561(a)	.429	.423	.38370

The relationship between pay rise and employee engagement was investigated using Pearson correlation coefficients for the two groups of respondents (Malaysian workers and expatriates). The results in Table 4.4 indicates, a positive relationship between pay rise and employee engagement among Malaysian workers (R square =.571, n=478, p< 0.05). This means 57% of their satisfaction is determined by pay rise. Meanwhile the relationship between expatriates and employee engagement shows strong and positive relationship (R square =.429, n=478, p< 0.05). This means that 43% of their satisfaction is determined by pay rise. However, Malaysian workers are more satisfied or having stronger relationship between pay rise and employee engagement.

Hypothesis 3:

H₀: There is no significant relationship between bonus and employee engagement in manufacturing companies.

H₁: There is a positive relationship between bonus and employee's engagement in manufacturing companies.

Table 4.5: The Relationship between Bonus and Employee Engagement.

Malaysian Workers	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.607(a)	.368	.364	.45536
Expatriates	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.510(a)	.260	.255	.50876

The relationship between bonus and employee engagement was investigated using Pearson correlation coefficients for the two groups of respondents (Malaysian workers and expatriates). The results in Table 4.5 indicates, a stronger and positive relationship between bonus and employee engagement exists among Malaysian workers (R square =.368, n=478, p< 0.05). This means 37% of their satisfaction is determined by bonus. Meanwhile the relationship between expatriates towards employee engagement shows moderate and positive relationship (R square =.260, n=478, p< 0.05). This means that 26% of their satisfaction is determined by bonus. In this regards, the Malaysian workers are more satisfied or having stronger relationship between bonus and employee engagement.

Hypothesis 4:

H₀: There is no significant relationship between non-monetary incentives and employee engagement in manufacturing companies.

H₁: There is a positive relationship between non-monetary incentives and employee's engagement in manufacturing companies.

Table 4.6: The Relationship between Non-Monetary Incentives and Employee Engagement.

Malaysian Workers	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.677(a)	.487	.480	.47951
Expatriates	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.567(a)	.356	.351	.32174

The relationship between non-monetary incentives and employee engagement was investigated using Pearson correlation coefficients for the two groups of respondents (Malaysian workers and expatriates). The results in Table 4.6 indicates, a positive relationship between non-monetary incentives and employee engagement among Malaysian workers (R square =.487, n=478, p< 0.05). This means 48% of their satisfaction is determined by non-monetary incentives. Meanwhile the relationship between expatriates and employee engagement shows strong and positive relationship (R square =.356, n=478, p< 0.05). This means that 36% of their satisfaction is determined by non-monetary incentives. However, Malaysian workers are more satisfied or having stronger relationship between non-monetary incentives and employee engagement.

Hypothesis 5:

H₀: There is no significant relationship between training & development and employee engagement in manufacturing companies.

H₁: There is a positive relationship between training & development and employee's engagement in manufacturing companies.

Table 4.7: The Relationship between Training & Development and Employee Engagement.

Malaysian Workers	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.751(a)	.764	.761	.65562
Expatriates	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.665(a)	.473	.479	.47132

The relationship between training & development and employee engagement was investigated using Pearson correlation coefficients for the two groups of respondents (Malaysian workers and expatriates). The results in Table 4.7 indicates, a stronger and positive relationship between training & development and employee engagement exists among Malaysian workers (R square =.764, n=478, p< 0.05). This means 76% of their satisfaction is determined by training & development. Meanwhile the relationship between expatriates towards employee engagement shows moderate and positive relationship (R square =.473, n=478, p< 0.05). This means that 47% of their satisfaction is determined by training & development. In this regards, the Malaysian workers are more satisfied or having stronger relationship between training & development and employee engagement.

Hypothesis 6:

H₀: There is no significant relationship between conducive working environment and employee engagement in manufacturing companies.

H₁: There is a positive relationship between conducive working environment and employee's engagement in manufacturing companies.

Table 4.8: The Relationship between Conducive Working Environment and Employee Engagement.

Malaysian Workers	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.811(a)	.758	.756	.53456
Expatriates	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	1	.677(a)	.459	.455	.43568

The relationship between conducive working environment and employee engagement was investigated using Pearson correlation coefficients for the two groups of respondents (Malaysian workers and expatriates). The results in Table 4.8 indicates, a stronger and positive relationship between conducive working environment and employee engagement exists among Malaysian workers (R square =.758, n=478, p< 0.05). This means 76% of their satisfaction is determined by conducive working environment. Meanwhile the relationship between expatriates towards conducive working environment shows moderate and positive relationship (R square =.459, n=478, p< 0.05). This means that 46% of their satisfaction is determined by conducive working environment. In this regards, the Malaysian workers are more satisfied or having stronger relationship between conducive working environment and employee engagement.

5.0 Conclusion:

This research is important to manufacturing companies as it provides useful information to assist in Human Resource Management. According to Jeffords, Scheidt and Thibadoux (1997), managing the changing needs of employees requires individualized attention, specialized incentive programs and compensation plans that are closely tied to individual achievement and performance. With a better understanding of what attracts and retains employees, employers can effectively make changes to their rewards program which consists of monetary and non-monetary incentive programs. Govindarajulu and Daily (2004) stated that monetary rewards may be one of the strongest motivators for inducing employees to perform better. However, in the current economic downturn and the lack of financial resources necessary to support traditional monetary incentive programs, it is also noted that non-monetary incentive programs are getting more important in boosting employee engagement (Morrell, 2011).

It is important for manufacturing companies to understand the factors that significantly affect employee engagement. It is believed that by understanding the factors that enhance employee engagement, companies can create something unique that is difficult to be imitated by competitors. Once the factors are known, employers or managers are able to avoid unnecessary problems in satisfying employee's needs. The problem of absenteeism and high employee turnover rate can also be solved if the reward program is implemented appropriately. Besides that, they can recognize which factors are more significant and therefore pay more attention on it. This will

improve the efficiency and effectiveness of the company's overall operation. With the results of this research, the researchers can conclude that the monetary incentives (pay rise and bonus) and the non-monetary incentives (training and development, and conducive working environment) are the major factors that will significantly affect employees' engagement in Ipoh's manufacturing industry.

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