

Determinants of Employees' Engagement in Airline Companies Based in Malaysia

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ABSTRACT

The aim of this study is to investigate the direct effect of employees' satisfaction, working environment, teamwork and employees' engagement relationship in Malaysian airlines companies in Malaysia. To analyse the causal relationships among employees' satisfaction, working environment, teamwork and employees' engagement, the Structural Equation Model (SEM) was adopted. The model utilizes Partial Least Square (PLS) procedure on data collected from a survey that yielded 226 usable questionnaires. The results showed that employees' satisfaction, working environment and teamwork enhance employees' engagement in Malaysian airlines companies in Malaysia. It is vital to do the research utilizing experimental design by using longitudinal data in Malaysian airlines companies via vigorous measures. The findings suggest that the airlines companies must put emphasis on employees' satisfaction, working environment and teamwork to ensure the effective increase in airlines employees' engagement at their workplace. This research is one of the first known efforts to use employees' satisfaction, working environment and teamwork to study employees' engagement in airlines sector in Malaysia by using Partial Least Square (PLS) procedure.

Keywords: *Employees engagement, Employees satisfaction, Working environment, Teamwork, Malaysian airlines sector, Structural equation modeling.*

JEL Classification: *M10 Business Administration: General.*

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Highlights of this paper

- The aim of this study is to investigate the direct effect of employees' satisfaction, working environment, teamwork and employees' engagement relationship in Malaysian airlines companies in Malaysia.
- The results showed that employees' satisfaction, working environment and teamwork enhance employees' engagement in Malaysian airlines companies in Malaysia.

1. INTRODUCTION

People live in a diverse and competitive century where organizations attempt to remain afloat amid the ever-changing market by implementing equipment to measure performance and stay in business. To achieve leverage from their competitors in the market, companies are attempting to find new performance indications and, so far, one of these competitive advantages is the utilization of human resource. Since the 1980s, there has been a growing emphasis in the use of HR measurement. In particular, a study by [Huselid \(1996\)](#) marked a new era of measuring the influence of HR to promote effective organizational performance. Employee engagement is defined as the emotional commitment employees feel closer to their organization and the actions, they take to ensure the organization's success; then in turn engaged employees exhibit care, dedication, enthusiasm, accountability and result focused. The reason of employee engagement is to provide the companies with quantifiable results attached to their objectives in view of what is determined to be essential to the organization's imperative success factor and long-term business goals. Once uncovered and proper analysed, employee engagement can be used to understand and enhance organizational overall performance and success ([Aswathappa, 2015](#)).

Employee engagement is one of major problem plaguing the airlines sector in Malaysia. This problem needs to be addressed urgently in order to cope with the uncertainty of a turbulent industry condition. This paper attempts to study on employee's satisfaction, working environment and team work affected employee's engagement specifically in Malaysian airlines sector. [Kelly \(2019\)](#) said that building a team of highly engaged, motivated professionals is a critical section of any company's success. Employees are the very foundation of any organization and, regardless of industry, lack of engagement contributes to high turnover, which is costly and can negatively affect a company's culture. But, with aviation, there's another wrinkle to consider: Lack of employee engagement can affect an organization's universal performance. A great workplace culture has the potential to reduce turnover and mitigate risk; however, corporate aviation teams are frequently scattered and moving in different directions. Though a strong, safety-oriented culture is simply one benefit of a highly engaged team, records exhibit that engaged employees are more likely to have above-average productivity.

Malaysian airlines sector is beleaguered with decreased funding, increasing regulations, growing public demand for accountability, and talent management challenges. This research will conduct and study which is to develop understanding of direct effect of working environment, employee satisfaction and team work on employee engagement in Malaysian airline sector that have a great impact on airlines sector success. This research therefore seeks determinants of Employees' Engagement in Malaysian Airline Sector.

2. LITERATURE REVIEW

2.1. Employees' Satisfaction

Employees' satisfaction can be defined as the overall summary evaluation that an individual related to his or her work environment ([Scandura & Lankau, 1997](#)). It can also be described as the level of contentment a person has with his or her job ([Spector, 1997](#)). Job satisfaction can be considered to be an essential organizational antecedent of employee satisfaction and employee customer service, which, in turn, have a positive impact on tangible business output such as customer satisfaction and profit [Bulgarella \(2005\)](#). According to [Oscar, Kara, and Kaynak \(2005\)](#)

intrinsic variables, such as imparting challenging and more job tasks to employees and recognizing values of employees, had a positive effect on job satisfaction.

This was hostile to extrinsic motivational factors namely pay and rewards, company's set standards, and job security which had a lesser impact on overall job satisfaction but eliminated the job dissatisfaction of employees. Additionally, as per (Ahmad, Wasay, & Jhandir, 2012) a satisfied workforce had a direct impact over passenger service in the airline industry. As employees are a necessary factor in boosting customer service quality, they need to additionally be able to resolve customer queries in a continuous way. In the match of employee attitude and company's strategy being different, it is questionable whether carrier excellence can be improved in a progressive manner. Employees satisfaction will enable opportunity for employee's engagement in Malaysian airlines sector.

2.2. Working Environment

Working environment might also be defined in its easiest structure as the settings, situations, conditions and circumstances under which people work. Its capability that work environment is the sum of the interrelationship that exists amongst the employees and the employers and the environment in which the employees work which consists of the technical, the human and the organisational environment. Noah and Steve (2012) define workplace environment as composition of three major sub-environments which consist of the technical environment, the human environment and the organisational environment. According to them technical environment refers to tools, equipment, technological infrastructure and different physical or technical elements of the workplace.

As per the findings discussed via (Shah, Ghaffari, & Tourani, 2012) it was identified that work environment-related factors, such as communication and job security, showed a greater value for job satisfaction in relation to the Mahan Air Company. The greater affect and influence of the work environment was also discovered by means of the analysis of this research; a higher correlation between work environment and job satisfaction indicated that the company can also no longer compromise between the work environmental factors and profitability. According to the Singapore Airlines (2017) the complete cost incurred in terms of communication was \$99.1 million and there was an increase compared to 2015/16 of 8.8%; this indicates that verbal exchange is regarded as a crucial issue of this company's operations. Working environment will enable opportunity for employee's engagement in Malaysian airlines sector.

2.3. Teamwork

Teamwork is defined via (Scarnati, 2001) "as a cooperative process that allows ordinary people to achieve excellent results". Harris and Harris (1996) additionally, give an explanation for that a team has a common goal or purpose where team members can improve effective, mutual relationships to achieve group goals. Teamwork replies upon folks working collectively in a cooperative environment to acquire frequent team goals through sharing knowledge and skills. The literature constantly highlights that one of the essential factors of a team is its focus toward a common goal and a clear purpose (Fisher, Hunter, & Macrosson, 1997; Harris & Harris, 1996; Johnson & Johnson, 1995; Johnson & Johnson, 1999; Parker, 1990). Teams are an integral part of many businesses and ought to be incorporated as phase of the delivery of tertiary units. Successful teamwork relies upon synergism existing between all team members creating an environment where they are all willing to contribute and participate in order to promote and nurture a positive, positive team environment.

According to Olcott (2007) Accomplishing that job efficaciously requires teamwork. Being a one-person dynamo is not the excellent way to run any operation, least of all something as sophisticated and necessary as a company's flight department. Creating a team, and leading it, is the best approach. Teams, not individuals, win ball

games. Many instances we see losing teams richly staffed by individual superstars who fail to act as a coordinated unit. Everyone on a winning team is a winner, however there are no winners on a losing team. The role of the successful flight department manager is to create and lead a winning team. Even the employees who is a company's solely pilot wants to suppose about the many people who both directly or indirectly participate in the successful completion of his or her flight. Teamwork will enable opportunity for employee's engagement in Malaysian airlines sector.

2.4. Employees Engagement

Employees' engagement can be defined by "employees operating along in a very great way so as to attain company goal setting". worker engagement could be a property of the connection between a company and its staff. Associate degree "engaged employee" is one World Health Organization is absolutely absorbed by and hooked in to their work so takes positive action to additional the organization's name and interests (Kruse, 2012) Says the definition of employee engagement is; Employee engagement is the emotional commitment the employee has to the organization and its goals. Employee engagement define by Kruse (2012); MacLeod (2019) is a workplace approach resulting in the right conditions for all members of an organisation to give of their best each day, committed to their organisation's goals and values, motivated to contribute to organisational success, with an enhanced sense of their own well-being. According by Fotsch and Case (2017) create an enjoyable workplace environment. Be sure to single out people who are doing an outstanding job for rewards and recognition. Again, there's very little in all this recommendation that's harmful but it's not the way many businesses operate. They aren't likely to change their culture and ways of working only to increase engagement levels. Southwest Airlines is the most consistently profitable organization in the industry, and it's exactly the ongoing task of maintaining that performance that drives engagement. With employee's engagement will enable airlines companies, policy maker and airlines training consultant need to adopt the approach where work environment, satisfaction and team work can be boosted which will lead to greater employees' engagement and eventually elevate their business performance.

Based on the above conceptual development, the following hypotheses were proposed:

1. There is a positive relationship between work environment and employee Engagement.
2. There is a positive relationship between employee satisfaction and employee engagement.
3. There is a positive relationship between team work and employee engagement.

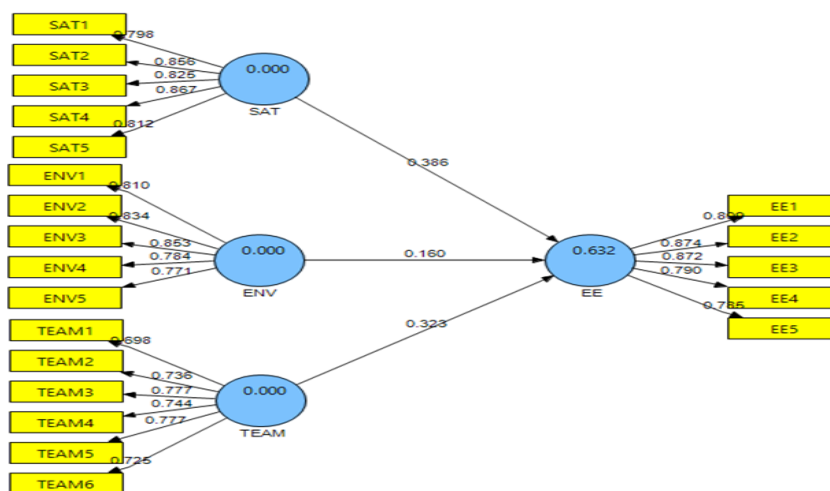


Figure-1. Research model.

3. RESEARCH METHOD

There are 21 observed variables form the measurement of exogenous and endogenous variables in this study. Employee satisfaction consists of 6 items, working environment 5 items and team work 6 items. Employee engagement consists of 5 items. This study adopted the scaling of 5-Likert scale of 1- strongly disagree, 2-disagree, 3-neutral, 4-agree and 5-strongly agree. For data collection, the instrument questionnaire was used. This study adopted convenience sampling and employees work in airline companies of Malaysian Airlines Bhd, Airasia Bhd and Malindo Airlines Bhd. were the main respondents. A total numbers of 315 were distributed and 246 were returned. This constitute 78.09% rate of response and it is sufficient to perform structural equation modelling (SEM) data analysis. Out of 246 returned questionnaires, 237 were completed and after removing the outliers, 226 questionnaires were ready for analysis. In this study, multivariate data analysis was conducted to assess the model and to evaluate the propose hypotheses by employing Smartpls. As suggested by Hair, Black, Babin, and Anderson (2010), PLS-SEM technique was utilized in this study because it's overall evaluation of model measurement. The study adopts PLS-SEM approach through PLS-SEM algorithm to evaluate the measurement model and reported the results.

4. DATA ANALYSIS

4.1. Common Method Bias

One of the main issues in conducting research in the area of management is common method bias. The issue of common method bias arises when variance that supposed to be attributed to the method of measurement is attributed to the constructs where the measures supposed to represent in the study. To assess the measurement items bias in this study, Harman's single factor test was utilized. After performing factor analysis of principle components, the outcome of principal factor showed 31.23% validating that there is no issue of common method bias because principal factor did not hold most of the variance explained. This is parallel with Podsakoff and Organ (1989) who recommended that if the principal component variance explained is not more than 50%, then it signify the absence of common method bias.

4.2. Respondents' Background

Based on the 226 usable questionnaires used for data analysis, the employees' gender constitutes 108(47.79%) male and 118(52.21%) female.

Table-1. Respondents' profile.

		Frequency	%
Gender	Male	108	47.79
	Female	118	52.21
Age	<30	28	12.39
	31-40	78	34.51
	41-50	74	32.74
	51-60	41	18.14
	>60	5	2.21
Status	Married	114	50.44
	Single	92	40.71
	Widowed	20	8.85
Nationality	Local	192	84.96
	Foreign	34	15.04
Level	Executive	109	48.23
	Non-Executive	117	51.77

Age of employees <30 years old are 28(12.39%), 31-40 years old are 78(34.51%), 41-50 years old are 74(2.74%), 51-60 years old are 41(18.14%) and >60 years old are 5(2.21%). 92(40.71%) are single and 20(8.85%) are widowed. Local employees constitute 192(84.96%) and foreign nationalities employees constitute 34(15.04%). 109(48.23%) are executive level and 117(51.77%) are non-executive level.

4.3. Measurement Model

Assessment of the structural model and construct measurement validity and reliability in this study are done by using PLS_SEM algorithm Figure 1. Hair, Hult, Ringle, and Sarstedt (2017) states reliability and validity are the two important elements used in PLS_SEM for the analysis of goodness outer model evaluation. As presented in Table 2 the composite reliability ranged from 0.881 to 0.918 for the first order constructs, which signify the fulfilment of the requirement of 0.70 and above (Hair. et al., 2017). In addition, the analysis result showed that average variance extracted (AVE) ranged from 0.553 to 0.692 which are all more than of 0.50, hence showed the present of convergent validity of all latent constructs (Hair, Sarstedt, Ringle, & Mena, 2012). In Table 3 the AVE square roots are demonstrated on the diagonal side and the correlations are off the diagonal side of the table. The analysis figures showed that all the AVE square roots are larger than the correlations of each construct and prove the there is a present of discriminant validity. To further confirm the present of discriminant validity in this study, the item cross loadings were estimated. The result demonstrated that all items loadings were greater than their corresponding cross loadings Table 2. As a result, this study established the reliability and validity of the latent variables (Hair, Hult, Ringle, & Sarstedt, 2014).

4.4. Structural Model

This study evaluated the structural model by assessing the Path coefficient and the R² value (Hair et al., 2012). PLS 500 subsamples bootstrapping was utilized to validate the path coefficient significance level in his study. Table 4 shows the hypotheses test result, path coefficients and t-values.

Table-2. Constructs validity, reliability & item loadings.

Constructs	Items	Loading	AVE	AVEsqrt	CR	CA
EE	EE1	0.809	0.684	0.827	0.915	0.884
	EE2	0.874				
	EE3	0.872				
	EE4	0.790				
	EE5	0.785				
ENV	ENV1	0.810	0.658	0.811	0.906	0.870
	ENV2	0.834				
	ENV3	0.853				
	ENV4	0.784				
	ENV5	0.771				
SAT	SAT1	0.798	0.692	0.832	0.918	0.888
	SAT2	0.856				
	SAT3	0.825				
	SAT4	0.867				
	SAT5	0.812				
TEAM	TEAM1	0.698	0.553	0.743	0.881	0.838
	TEAM2	0.736				
	TEAM3	0.777				
	TEAM4	0.744				
	TEAM5	0.777				
	TEAM6	0.725				

In Table 4 hypothesis 1 predicts a positive relationship between work environment and employee engagement and the result shows that there is a positive and significant influence of work environment on employee engagement ($\beta = 0.160$, $t = 3.562$); as a result, $H1$ is supported. The result of hypotheses 2 also shows a significant and positive relationship between employees' satisfaction and employee engagement ($\beta = 0.386$, $t = 7.458$); thus supporting $H2$. Lastly, hypotheses 3 result also shows that there is a positive and significant relationship present between team work and employee engagement ($\beta = 0.323$, $t = 7.336$); therefore, $H3$ is supported. This study also evaluated the R^2 of the endogenous construct of employee engagement. The R^2 shows moderate values Figure 1 which signify results meaningfulness for explanation.

Table-3. AVE square root against correlations.

	EE	ENV	SAT	EAM
EE	0.827			
ENV	0.678	0.811		
SAT	0.750	0.760	0.832	
TEAM	0.724	0.694	0.751	0.743

Table-4. Hypotheses testing results.

Hypothesized Relationship	Path Coefficient	T-Value	Conclusion
H_1 : There is a positive relationship between work environment and employee engagement.	0.160	3.562	Supported
H_2 : There is a positive relationship between employee satisfaction and employee engagement.	0.386	7.458	Supported
H_3 : There is a positive relationship between team work and employee engagement.	0.323	7.336	Supported

5. DISCUSSION & CONCLUSION

5.1. Discussion

The purpose of this study is to develop understanding of direct effect of working environment, employee satisfaction and team work on employee engagement in Malaysian airline sector. Previous studies reviews have been made on working environment, employee satisfaction, team work and employee engagement. Early academic studies have revealed the basis to establish the model and it has demonstrated working environment, employee satisfaction and team work have a positive and significant influence on employee engagement. The proposed research model of this study is to empirically estimate the working environment, employee satisfaction and team work direct effect on employee engagement. In order to achieve this objective, the PLS technique data analysis was adopted. The results clearly demonstrate that employees' satisfaction has the strongest impact on employee engagement of the of the airline employees in Malaysia with path coefficient of 0.386. This confirms how importance the satisfaction elements in determining the employee engagement of airline employees in Malaysia to adopt. Airlines employers must convince and have a strong belief that their employees' satisfaction is very important factor in determining the willingness to engage during their daily work. Airlines employers must ensure that will take necessary steps to enhance and strengthen their employees' satisfaction in work place, so that their employees' satisfaction always at the higher level. In order to do so, continuous evaluations of the employees' satisfaction need to be done to ensure their continuous engagement at work place always prevail. The second strongest factor that has impact on employee engagement is team work, with the path coefficient of 0.323. This evidence demonstrates that the team work has a very important role to play at work place in ensuring active engagement by the airlines employees. Organization such as airline sector cannot afford to have individual minder employee to do their task during daily work. Organization itself is a place where people work together to achieve common organization goal. Therefore team work must always be a priority in order to increase the activity of

employees' engagement. By having team work activities, the level of trust and acceptance can be maximized and employees will be at ease working together and closer and this will make the engagement become more effective. In view of that, it is a duty of airlines sector to come out with more creative and innovative activities that can boost the level of team work in their organization so that it can have more impact on the employees' engagement. The third strongest factor that has impact on employees' engagement is work environment with the path coefficient of 0.160. The degree of airlines employees believe that by having a proper work environment will enhance their engagement during work. This empirical finding is very important to the airlines organizations because the comfort at work place that their employees feel will increase the inclination for them to engage more actively, even though the result in this study shows that satisfaction and team work have more influence on employees' engagement. Therefore, airline sector employers must make sure the three factors in this study, satisfaction, team work and work environment are always their priority in their organization in order to achieve a strong employees' engagement.

5.2. Conclusion

This study concentrates on work environment, satisfaction, team work and employees' engagement. The results from data analysis have shown that there are statistically positive and significant direct effects of work environment, satisfaction, team work on employees' engagement in Malaysian airlines sector. Airlines companies, policy maker and airlines training consultant need to adopt the approach where work environment, satisfaction and team work can be boosted which will lead to greater employees' engagement and eventually elevate their business performance.

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