

**UNIVERSITI TEKNOLOGI MARA**

**THE EFFECTS OF EMPLOYEE ENGAGEMENT ON  
JOB SATISFACTION: A STUDY AMONG  
GENERATION Y IN SMALL AND MEDIUM  
ENTERPRISES (SME)**

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## **ABSTRACT**

Employee engagement among generation Y had become the major problem in Malaysia. This problem need to be addressed urgently in order to reduce the job hopping and work attitudes among the generation Y as job hopping has become the main trend. This paper attempts to determine the effects of employee engagement such as employee involvement, organizational culture and decision making on the job satisfaction among generation Y in small and medium enterprises companies. A survey method was used to collect 396 respondents from small and medium enterprises employees in Malaysia. The factor analysis was conducted and cooperation was obtained as the result which forms new independent variable under employee engagement. The result of the correlation analysis has indicated that the independent variables of employee involvement, organizational culture, decision making and cooperation had positive significant relationship on job satisfaction among generation Y. The regression results indicate that cooperation which is the new independent variable had the highest significant value with all the dimensions of job satisfaction which are security and safety, belonging and love and need of self-esteem. This study has given an important role to the organization in developing strategy for their human resource development to develop their talent management among generation Y and hence, enhance organizational performance and effectiveness.

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# CHAPTER 1

## INTRODUCTION

### 1.1 INTRODUCTION

In today's competitive world, the turnover rate of the generation Y is surprisingly increasing from time to time. Thus, the improvement of employees' job satisfaction is the main key that influenced the efficiency in all levels of organization and identified the variables leading to the employee engagement among the gen Y. Employee engagement can be the major element that can attract the attention of the gen Y to commit to their organisation. The HR managers need to focus on the instruments that can bring the motivation attraction for the employees among gen Y to put their full efforts in putting their heart, brainpower, energy and time in contributing on the growth of the organisation for a long period of time. Thus the purpose of the present research is to analyse the effect of employee engagement on job satisfaction among generation Y.

Due to the global and economic uncertainty, the employee engagement in Malaysian are decrease by 2 points to 59% last year based on the 2017 Trends in Global Employee Engagement Report from Aon. There is also a report done by Globoforce in 2015 Employee Recognition Report that identified the main challenges facing by the organization is the employee retention on generation Y. The report had stated that almost 40% of human resource professionals and practitioners saying that the main obstacle of most organisations is employee retention issue among generation Y.

Organisation's competitive advantage can be sustained and achieved if the employees can effectively engage with their job and workplace because high level of engagement will physically and emotionally connected with their job performance as well as the work values which can increase the employee's job satisfaction. Therefore, it can be positively stated that the factors and indicators of engagement can have positive aspects of employee behaviour and psychological which include the organisational citizenship behaviours and commitment (Robertson & Cooper, 2010). Besides that, Khan (1992) stated that the employees also are open to communication among them to bring their complete selves to perform. Employee engagement can be part of effective strategy for the human resource management to retain the employees in the organisation as it can make the workplace become more stable and