



**UNIVERSITI TEKNOLOGI MARA**

**Drivers That Influence Employee Engagement:  
Sarawak Timber Industry Development  
Corporation (STIDC)**

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**Applied Business Research (ABR796)  
Submitted in partial fulfillment of the requirements for the  
degree of  
Master of Business Administration**

**Faculty of Business Management**

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# LETTER OF TRANSMITTAL

Executive Masters of Business Administration  
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25<sup>th</sup> June 2012

Dr. Gluma Saban  
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Dear Dr,

## APPLIED BUSINESS RESEARCH (ABR796)

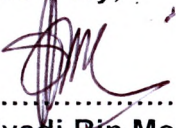
With great pleasure, we would like to submit our research paper entitled “**Drivers That Influence Employee Engagement: Sarawak Timber Industry Development Corporation (STIDC)**”.

With this submission, we fulfill the requirement for the completion of Executive Master in Business Administration (EMBA) program.

We would like to take this opportunity to express our sincere gratitude and appreciation for your guidance and constructive comments rendered to us throughout the preparation on this paper.

Thank you.

Yours truly,



.....  
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## ABSTRACT

The purpose of this research is to gain a better comprehension of the drivers that can influence the employee engagement in STIDC. This study was conducted for 132 staffs in STIDC Kuching Sarawak. Important statistical data were obtained from questionnaires distributed and analyzed using Statistical Package for Social Science (SPSS) version 19. After thorough examination, it is found that there is a significant relationship between the three independent variables namely Employee Communication, Rewards and Recognition and Employee Development with the dependent variables – Employee Engagement. Of those three independent variables, reward and recognition has been identified to be the most essential independent variable to drive the employee engagement level in STIDC.

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of Study

A former General Electric CEO Jack Welch who also a business consultant identified the three factors to measure company's health and cited employee engagement is the first, followed by customer satisfaction and free cash flow (Welch & Welch, 2006). Intuit is a software giant found that highly engaged employees are 1.3 times more likely to be high performers compared to less engaged employees. They are less likely to leave the company voluntarily (Ramsay & Finney, 2006). In addition, they are committed to stay in the company (Ramsay & Finney, 2006). Employee engagement also becomes a competitive advantage to an organisation in term of higher productivity and employee turnover (Robert, 2006). Thus, organisations of all sizes and types have invested significantly in policies and practices that boost engagement and commitment in their employees (Robert, 2006).

There is sufficient evidence in the literature to indicate that employee communication, reward and recognition, employee development etc as some of the major issues facing today's organisations (IES, 2003). As these issues ultimately affect the financial and strategic performance of firms, they have received due attention from researchers and management writers. A significant number of studies have related these issues to the concept of Employee Engagement such as Tower Perrin (2003), Gallup (2004), and Hewitt (2004). An engaged employee is described as someone who is, emotionally, cognitively, and psychologically bounded to the organisation, is passionate about its goals and willingly do beyond what is required of his or her job Kahn (1990). The interest in Employee Engagement has mostly been spurred on by the discovery of a strong positive correlation between employee engagement and many aspects of an organization's performance (Harter, Schmidt & Hayes, 2002).