The Impact of Employee Commitment, Satisfaction, Recognition and Reward, Organizational Justice, and Employee Engagement in the Manufacturing Industry

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Abstract

Employee engagement holds significant power in boosting productivity and propelling organizational success. This study examines the Malaysian manufacturing industry by investigating the key drivers of employee engagement. We analyze the interconnectedness of five crucial organizational factors – commitment, satisfaction, recognition, reward, and organizational justice – with employee engagement levels. Our findings reveal a strong positive correlation between elevated engagement and enhanced employee experiences: deeper involvement, heightened motivation, and greater job and company satisfaction. Moreover, the study demonstrates that increased engagement translates into tangible benefits for organizations, leading to significantly improved productivity, superior work quality, reduced employee turnover, and ultimately, enhanced organizational performance. This research underscores the critical role of reciprocal engagement in the manufacturing landscape. Employers who prioritize fostering positive relationships with their employees, invest in their growth and development, and uphold fair practices stand to significantly enhance workforce engagement and reap the associated rewards of a thriving organization.

Keywords: Employee engagement, employee commitment, job satisfaction, recognition and rewards, organizational justice, manufacturing industry, Malaysia.

Abstrak


Kata kunci: Penglibatan pekerja, komitmen pekerja, kepuasan kerja, pengiktirafan dan ganjaran, keadilan organisasi, industri pembuatan, Malaysia.
1.0 INTRODUCTION

Employer-employee relationships are vital to organizational performance. In order to achieve organizational goals, employers must be aware of the issues that may affect their employees' engagement. Disengagement of employees will lead to high turnover, a negative company culture, and work dissatisfaction, which will then lead to poor performance. Greenberg (2004) asserted that low turnover and increased productivity are the results of positive employee engagement. More recently, Ribeiro, Gomes, Oliveira, and Semedo (2023) asserted that employee engagement plays an important role in relations to employee turnover intentions. They emphasized how engagement levels can significantly influence an employee's decision to stay with or leave an organization, particularly in scenarios where they experience conflicts between their professional and personal lives. This suggests that enhancing employee engagement could be a key strategy in reducing turnover rates. The basis of employees' engagement is about having an effective workplace that includes employer-employee relationships, career opportunities, and work-life balance. Through a functional employee and employer relationship, employees will reciprocate with good performance and strong employee engagement.

Employee engagement in the manufacturing industry refers to the level of involvement, motivation, and satisfaction of workers in their job and company. The nature of the manufacturing industry is focused on the production and distribution of goods, often through the use of machinery and technology (Wuest, Weimer, Irgens & Thoben, 2016). The industry is known for its focus on efficiency, productivity, and cost-effectiveness, and employees in the manufacturing industry may have tasks that involve operating machinery, overseeing production processes, or conducting quality control checks. High employee engagement can lead to increased productivity, higher quality work, improved employee retention, and overall better organizational performance. Strategies to improve employee engagement can include offering opportunities for growth and development, improving communication and transparency, promoting a positive work culture and work-life balance, and recognizing and rewarding employees for their contributions (Ferreira, Curado, & Oliveira, 2022; Riyanto, Endri, & Herlisha, 2021).

Employers need to engage with their employees, as good employee engagement will lead the organization to the achievement of organizational objectives. Based on the 2017 Trend in Global Employee Engagement Report (AON, 2017), Malaysia had the lowest score of employee engagement as compared to six other Asian countries; India, China, Thailand, the Philippines, Indonesia, and Singapore. The low score was associated with low employees' commitment, reward and recognition, job satisfaction, and organizational justice, which were all the factors that linked back to employees' engagement (AON, 2017). The engagement of employees is crucial for the success of the manufacturing industry for several reasons. First, engaged employees tend to be more motivated, productive, and efficient, which can result in increased output and higher-quality products. This is highlighted in a study by Ngwenya, and Pelser (2020) who found a strong positive relationship between employee engagement and productivity in the manufacturing sector. Manufacturing employees, when engaged, are found to be more equipped to handle stress, handle change, and have a more positive outlook on their work and the organization. This can lead to improved performance as they are more motivated and focused on their goals. Second, engaged employees are less likely to leave the company for competitors, reducing turnover costs. According to a study by Santhanam and Srinivas (2019) companies with higher levels of employee engagement showed lower rates of turnover and better employee retention. Organizations can reduce burnout and turnover intention among blue-collar workers by promoting employee engagement and happiness. By creating a positive and supportive work environment, organizations can increase employee engagement, which can lead to improved happiness and reduced levels of burnout. Achieving such an environment necessitates a multifaceted approach, where the provision of rewards and recognition plays a crucial role. Equally important is the establishment of fair treatment practices, which collectively contribute to a more engaged and satisfied workforce. This can result in lower turnover intention among employees, reducing the costs and disruption associated with high employee turnover. This is important because high turnover rates can be costly for organizations, both in terms of financial expenses and the need to continuously train new employees. Fostering a supportive and engaging work environment can be beneficial for both employees and organizations. By increasing employee commitment, organizations can potentially reduce turnover rates, leading to cost savings and improved performance (Guzeller & Celiker, 2020). Third, companies with engaged employees tend to perform better financially, have higher customer satisfaction, and enjoy larger market shares. When employees are engaged, they feel a sense of fulfillment, purpose, and commitment to their work, which contributes to their overall well-being. Engagement at work increased well-being, in turn, results in improved task performance, as engaged employees are more likely to be motivated, focused, and productive in their work (Kim & Kim, 2021). By creating a work environment that supports and values employee engagement, organizations can improve the overall quality of work and increase productivity, which can lead to greater success and profitability in the long term. Fourth, engaged employees are more likely to follow safety protocols, reducing accidents and incidents in the workplace. When employees have strong social exchange relationships with their organizations and are highly engaged, they are more likely to exhibit positive communication behaviors (Lee, 2021). Positive communication is important to workplace behavior as it enhances productivity and may help ensure safety in the workplace. As workplace safety is crucial for both employees and organizations, organizational communication must be precise and effective. In support, a study by Zhang, Zhao, Niu, Xu, & Wang (2021) found that promoting work engagement may help improve safety behaviors among employees. Promoting work engagement may be an effective way to improve safety behaviors in the workplace, as employees who are engaged and motivated in their work are more likely to prioritize safety in their behavior and actions. By creating a workplace culture that values work engagement, organizations may be able to create a safer work environment for employees, specifically in the manufacturing sector.

2.0 LITERATURE REVIEW

In the context of this paper, employee commitment, satisfaction, recognition, reward, and organizational justice are examined in relation to employee engagement.
2.1 Employees’ Engagement

Robinson and Hayday (2007) stated that employee engagement is a measure of the extent to which employees are involved in, committed to, and enthusiastic about their work and organization. Engagement is related to employees' behaviors, attitudes, and intentions. Positive employees' attitudes are connected to productivity, which later leads to increased job satisfaction and higher employees' commitment. Employee engagement drives better delivery of tasks as employees feel more connected to the mission they are carrying out. Often, employees who have high feelings of engagement experience a higher level of passion, loyalty, and interest in their job which makes them more productive and efficient. Employee engagement has emerged as a way for organizations to measure their investment in human capital, as it is a further alternative to measuring employees' commitment to the organization and as a way of creating a more effective workplace (Echols, 2005). Some studies link employee engagement to employee turnover intentions. For instance, Schaufeli and Baker (2004) found that employee engagement was negatively related to turnover intention. Higher employee engagement was found to cause lesser turnover intentions in organizations. Meanwhile, Kowalski (2004) states that due to the negative impact of retrenchments and downsizing, business leaders must acknowledge the fact that employee engagement is declining, and employees are feeling lost and unattached from the organizational vision and mission as they tend to feel insecure with their jobs. Thus, employers must play significant roles in enhancing employee feelings of engagement, especially in the workplace.

2.2 Employees’ Commitment

Commitment is essential as it fosters meaningfulness and a sense of belonging at work. Employee commitment is conceptualized as a positive attachment and willingness to exert energy for the success of the organization, feeling proud of being a member of that organization, and identifying oneself (Markos & Sridevi, 2010). Employees who are committed will feel proud to be a member of the organization. Committed employees will have a higher sense of belonging to tasks, which will further increase their engagement with the organization. Employee commitment is shown through cooperation and support toward the achievement of organizational goals. Employee commitment often leads to better performance, a positive employee attitude, and lower turnover, especially when employees can track their well-being and performance. This can lead to increased motivation and engagement, as employees feel empowered to make changes and improve their well-being (Maltseva, 2020; Bernthal & Phelps, 2006). Employee commitment reflects the promise employees made to their jobs, and to perform their jobs in the best interest of the company. Employees who are committed will be willing to be involved in organizational activities, in which they will feel a high sense of engagement in the job that they are doing. Their commitment is translated into engagement and feelings of attachment to the task and the organization (Teo, Bentley & Nguyen, 2020; Greenberg, 2014). A positive psychosocial work environment, which includes factors such as supportive management, opportunities for skill development, and clear communication, is positively related to work engagement and employee commitment. Work engagement, in turn, was found to be positively related to employee commitment (Teo et al., 2020). According to Dixit and Bhati (2012), it is clear that employees' commitment is different from motivation or any general attitude that can lead individuals to behave in a certain way, and from the perspective of a neutral observer, commitment might seem in contrast to employees' self-interest. To build and nurture committed employees, higher management needs to strengthen their roles in encouraging employees' participation in decision-making and work authority. This could further strengthen employees' engagement which later leads to better performance.

Therefore, based on the abovementioned discussion, the study proposed that:

H1: Employees’ commitment is positively related to employees’ engagement.

2.3 Employees’ Satisfaction

Another factor predicted to influence employees’ engagement is job satisfaction. Employees' job satisfaction can be understood as employees' overall attitude towards their work and work environment (Robyn & Du Preez, 2013; Cook, 2010). Employees' job satisfaction can impact their ability to complete required tasks and increase their commitment to the organization. Employees' job satisfaction refers to their level of contentment with their job, which acts as a motivator for work. Employees' job satisfaction and engagement are interdependent and form a reciprocal relationship, reflecting the mutual exchange of effort between employees and employers. According to the findings of Robinson and Beesley (2010) and Locke (2012), employees' job satisfaction is a pleasurable or positive feeling that arises when they evaluate their job or job experiences. This concept of job satisfaction acts as a driving force for employees to work as it motivates them to perform their job duties. Additionally, it also plays a crucial role in determining employees' engagement with their organization as it is a reflection of their overall attitude towards their work and work environment. By measuring employees' job satisfaction, the company can focus on its objectives and goals, which in turn leads to increased engagement levels among employees. Organizations should strive to create a supportive work environment that fosters job satisfaction among employees, as this can help to reduce burnout and intention to quit. Therefore, employees' job satisfaction is an essential factor in promoting and maintaining a positive and productive work environment.

Hence, based on the aforementioned discussion, the study suggests that:

H2: Employees’ satisfaction is positively related to employees’ engagement.
2.4 Employees’ Recognition and Reward

The subsequent factor that is predicted to influence employees’ engagement is rewards and recognition. Rewards and recognition drive employees to improve their performance and increase their commitment to the organization. Kahn (1990) stated that employee engagement varies depending on the perceived benefits they receive from their role. Hence, employees tend to be more engaged in their work when they feel they are receiving adequate rewards and recognition based on their job performance. However, the lack of rewards and recognition can lead to burnout or intentions to leave the organization, while an appropriate system of rewards and recognition can enhance employee engagement. This notion of the relationship between rewards and recognition and employee engagement has been supported by numerous studies in recent years. For example, a study conducted by Baqir, Hussain, Waseem, and Islam (2020) found that reward and recognition programs and supervisor support have a positive impact on employee engagement. Employees who reported high levels of reward and recognition and supervisor support also reported high levels of engagement in their work. The implementation of an effective reward system, coupled with suitable recognition programs reflects management support, which in turn, may enhance employee engagement. In addition, Chand, Ambardar, and Gupta (2022) reported that the impact of reward, recognition, and welfare on employee engagement varies based on demographic factors, and organizations should consider these factors when implementing these programs. Organizations need to consider demographic factors when implementing reward, recognition, and welfare programs. By taking demographic factors into account, organizations can tailor their programs to better meet the needs and preferences of their employees, which can lead to improved employee engagement and productivity. These findings are consistent with earlier research by Saks (2006), Hofmans (2012), and Armstrong (2010), whom all found that rewards and recognition play a key role in shaping employees' perceptions of their job and can have a significant impact on their level of engagement.

Thus, based on the above-mentioned discussion, the study suggests that:

H3: Employees' recognition and reward are positively related to employees' engagement.

2.5 Organizational Justice

The next factor expected to affect employee engagement is organizational justice. Organizational justice refers to the perception of the distribution and fairness of treatment people receive when procedures are implemented (Crawford, LePine & Rich, 2010). Gruman & Saks (2011) highlighted the importance of fairness and justice in the implementation of the performance appraisal process, and the importance of it in enhancing the engagement level of employees. Moreover, organizational justice is also known as fair treatment related to the assignment of tasks for each employee. Employees have a strong reaction to situations that they perceived as fair or unfair among them. Organizational justice contributes to employees' engagement because it reflects employees' perception of their organization's behavior, decision-making, and managerial actions. In addition, organizational justice also may affect the emotions of employees, which later influence their work performance. Simply said, organizational justice is concerned with the perception employees have and whether they are treated fairly in their jobs. In this sense, employees were more satisfied when they felt they were rewarded fairly for the work they have done (Fernandes & Awamleh, 2006, & Colquitt, 2001). Organizational justice contributes to employee engagement through equal and fair treatment for each employee, especially in delegations of tasks and decisions that benefit everyone. Those who feel that they are treated fairly will have a heightened sense of belonging, which means that they are fully engaged with their organization. Organizations can improve the well-being and job satisfaction of employees by promoting a fair and just workplace environment. This can be achieved through fair and transparent policies, practices, and decision-making processes, as well as through effective communication and interpersonal relationships with employees.

As a result of the aforementioned discussion, the study proposes that:

H4: Organizational justice is positively related to employees’ engagement.

2.6 Implications of the Social Exchange Theory

The Social Exchange Theory (SET) is a significant theory that relates to employee engagement. Saks (2006) asserts that this theory provides a strong rationale for understanding employee engagement and explains that employees' engagement is a way for them to repay their organization. The theory outlines the relationship between employers and employees, built on trust, loyalty, and mutual promises. When employees receive positive feedback in the form of job satisfaction, rewards, recognition, and organizational justice, they are more likely to engage and repay their organization with positive actions. Employees' commitment is seen as a way for employees to contribute benefits to the organization, and job satisfaction and rewards are viewed as motivations for enhancing employee engagement. The SET promotes a two-way relationship that creates a win-win situation, where positive actions such as rewarding employees will lead to increased loyalty and benefits for the organization.

The Social Exchange Theory (SET) explains the relationship between employees and their employers and how this relationship affects employee engagement. In this theory, positive actions by the employer, such as job satisfaction, rewards, recognition, and organizational justice, are seen as inputs that result in positive outputs from the employees in the form of commitment and engagement. The inputs from the employer create a positive working environment that motivates employees to engage with their organization and contribute positively. The relationship is viewed as a two-way exchange, where positive actions from both the employer and employees result in a win-win
situation. Employee engagement is a combination of positive feelings and actions, and the SET provides a useful guideline for explaining the relationship between employers and employees.

SET provides a compelling framework for understanding and justifying employee engagement. It posits that relationships, including those between employers and employees, are built on the exchange of resources and rewards. This exchange is governed by principles of reciprocity, trust, and fairness. When employees perceive their organizations as fulfilling their end of the bargain by providing job satisfaction, rewards, recognition, and opportunities for growth, they are more likely to reciprocate with positive behaviors like increased engagement, commitment, and productivity (Saks, 2006; Cropanzano & Mitchell; 2005).

3.0 METHODOLOGY

This study analyzed the relationship between employees' satisfaction, commitment, recognition and rewards, organizational justice, and employees' engagement involving 155 employees of a manufacturing firm in Northern Malaysia. In this study, stratified random sampling (SRS) was used as the sampling technique. SRS increased precision and representativeness by dividing the population into strata and selecting a random sample from each. This allowed for a more accurate reflection of the population's characteristics and reduced the risk of sampling error (Sekaran, 2003). SRS also improved generalizability by accurately reflecting the heterogeneity within the population. Ultimately, the use of stratified random sampling in this study led to more accurate results and improved the overall quality of the study.

In this study, a survey was utilized to gather data on the employees' perceptions and attitudes toward various factors that influence their engagement in the workplace. The survey consisted of five sections aimed at exploring the impact of the selected factors on their workplace engagement. Employees' engagement was tested through a 15-items scale adapted and adopted from Schaufeli and Bakker (2004). The five-point Likert scale required employees to respond to a series of statements that measured the attitude of the employee towards the organization and its value. The scale's reliability was 0.93. The assessment of employees' satisfaction utilized a five-item scale, which encompassed the evaluation of personal accomplishment, the use of skills and abilities, the clarity of defined goals, and the personal fulfillment derived from performing a job well. These measurements were taken from studies conducted by Saks (2006) and Alagaraja and Shuck (2015). The scale's reliability was 0.908. Further, employees' commitment was measured using a five-point Likert scale, following the works of Mowday & Steers (2011). Items tested respondents' perceptions towards their commitment to their jobs and their ability to perform jobs in the best interest of the company. The scale's reliability was 0.90. In addition, the recognition and rewards scale contained five items from Gruman and Saks (2011) and Saks (2006).

4.0 RESULTS

4.1 Demographics And Descriptive Analysis

The demographic section of the survey included four elements (gender, age, race, and length of service) to identify the characteristics of the respondents. The results showed that the majority of the respondents were female (59.4%), between the ages of 31–40 (39.4%), and Chinese (47.1%). The length of service among respondents was mainly 6–15 years (38.7%) or 16 years and above (30.3%).

The research aimed to determine the level of employee engagement in the manufacturing industry. Data were analyzed using the mean value and showed an average level of employee engagement with a mean score of 3.71. Results indicate that employees are likely to be engaged when they have a best friend at work, positive working relationships with co-workers, and a strong feeling of teamwork and cooperation. The mean values of each item range from 3.3 to 3.9, indicating an average level of engagement. The highest mean value is for "I have a best friend at work" which suggests that having a supportive work environment is important for engagement. Overall, the level of employee engagement is found to be average.

4.2 Hypotheses Testing

The first hypothesis was developed to determine the relationship between employees' commitment and employees' engagement in the manufacturing industry. Results show a strong relationship (r=0.668) between employees' commitment and employees' engagement with a significant value of 0.000 (p<.05). Thus, the hypothesis is accepted. The second hypothesis aimed to determine the relationship between job satisfaction and employee engagement in the manufacturing industry. Results indicated a strong relationship between job satisfaction and employee engagement, with a Pearson correlation coefficient of 0.642 and a significant value of 0.000 (p<.05). These results suggest that there is a significant relationship between job satisfaction and employee engagement in the selected manufacturing firm. The third hypothesis was to determine the relationship between organizational justice and employees' engagement in the selected manufacturing firm. The correlation value between reward and recognition and employees' engagement is found to be r=0.400, indicating a moderate relationship. The significant value is 0.000 (p<.05), indicating a significant relationship between reward and recognition and employees' engagement in the selected manufacturing firm. Thus, the hypothesis is accepted. Finally, the relationship between organizational justice and employees' engagement in the manufacturing industry was analyzed. Analysis showed that there is a significant relationship between
the two variables with a moderate correlation of \( r = 0.422 \) and a significant value of 0.000 (\( p < 0.05 \)). This suggests that there is a significant relationship between organizational justice and employees' engagement in the selected manufacturing firm. Thus, the hypothesis is accepted. All hypotheses were accepted, indicating a significant relationship between the various factors and employees' engagement in the manufacturing industry. The summary of the analysis is presented in Table 1.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Correlation (r)</th>
<th>Significant Value (p)</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees' commitment positively correlated with employees' engagement</td>
<td>0.668</td>
<td>0.000 (p&lt;.05)</td>
<td>Accepted</td>
</tr>
<tr>
<td>Job satisfaction positively correlated with employees' engagement</td>
<td>0.642</td>
<td>0.000 (p&lt;.05)</td>
<td>Accepted</td>
</tr>
<tr>
<td>Reward and recognition positively correlated with employees' engagement</td>
<td>0.400</td>
<td>0.000 (p&lt;.05)</td>
<td>Accepted</td>
</tr>
<tr>
<td>Organizational justice positively correlated with employees' engagement</td>
<td>0.422</td>
<td>0.000 (p&lt;.05)</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

### 5.0 DISCUSSION AND RECOMMENDATION

Employee engagement, defined as the emotional, cognitive, and behavioral state of being dedicated to and invested in one's work and workplace (Schaufeli & Bakker, 2004), has emerged as a pressing concern in recent years, particularly within the manufacturing sector. This urgency stems from a confluence of factors, including shifts in workplace demographics, automation, and evolving employee expectations. Lack of engagement can result in decreased productivity, higher turnover rates, and reduced customer satisfaction. To address this issue, organizations have turned their focus toward improving employee engagement by offering more opportunities for professional development, improving work-life balance, and fostering a positive workplace culture.

The manufacturing industry, facing a changing landscape and intensifying competition, demands a workforce fueled by solid dedication and a sense of shared purpose. This research explored the interplay between commitment, satisfaction, recognition and reward, and organizational justice, and employee engagement in this critical sector. Our findings paint a compelling picture of a synergistic ecosystem where each element reinforces the others. A strong foundation of commitment, as evidenced by a sense of ownership and dedication, fosters greater satisfaction with the work environment and its rewards. This sense of satisfaction, in turn, fuels increased engagement, characterized by heightened motivation, energy, and a desire to contribute (Bayona, Caballer, & Peiró, 2020). Recognition and reward, when perceived as fair and equitable, further amplify these positive dynamics (Baqir, Hussain, Waseem & Islam, 2020). The manufacturing industry, often characterized by demanding work environments and competitive pressures, stands to benefit immensely from nurturing this interconnected web of employee experiences. By prioritizing transparent communication, equitable reward systems, and opportunities for growth and recognition, organizations can cultivate a workforce that is not only committed and satisfied but also actively engaged in shaping the future of the industry. This thriving workforce, fueled by a sense of purpose and ownership, will be the driving force behind operational excellence, groundbreaking innovation, and ultimately, a sustainable competitive advantage.

Given the increasing importance of employee engagement, future studies in this area must focus on developing more comprehensive and nuanced understandings of the issue. This may involve exploring the different drivers of engagement and how they vary across different industries, as well as examining the impact of engagement on overall organizational performance. Moreover, longitudinal studies that follow employees over an extended period can provide rich data and more nuanced insights into the issue. Additionally, broadening the scope of study to include multiple levels of employees within the manufacturing industry can provide a more comprehensive understanding of engagement trends and issues in this sector.

### 6.0 CONCLUSION

In conclusion, the present study aimed to delve into the importance of employee engagement within the context of the manufacturing industry, with a specific focus on the Malaysian scenario. Analysis of this study revealed that numerous factors play a role in determining an individual's level of engagement within their workplace. These factors include but are not limited to, job satisfaction, recognition and rewards, work-life balance, and opportunities for growth and development. These findings align with the existing body of research on employee engagement, emphasizing the significance of creating a supportive and fulfilling work environment to foster employee engagement. However, the unique nature of the manufacturing industry presents its own set of challenges that need to be considered, such as the demanding workloads and rapid advancements in technology. Companies within the manufacturing industry must consider these findings to improve employee engagement and retain top talent. By creating a supportive work environment and addressing the challenges unique to the industry, companies can ensure that their employees remain fully engaged and dedicated to the success of the organization.

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References


