

WorkAsia™ Country Report: Malaysia

Introduction

Employee commitment is an important factor in business success. Committed employees are proud to work for their companies and motivated to help their companies succeed. High-performing companies, however, recognise that *commitment* alone isn't enough. They seek to build employee *engagement*. Engagement combines commitment with focus and direction — what Watson Wyatt calls *line of sight*. Engaged employees understand the organisation's business goals, the steps required to achieve those goals and how their contributions drive goals. Moreover, they have a strong desire to participate in company success

Communication, Customer Focus and Compensation and Benefits were identified as key drivers of Engagement in Malaysia. These drivers are consistent with our findings across Asia Pacific. Although Malaysian employees generally rank customer focus favourably, they did not have quite so favourable ratings for Communication and Compensation and Benefits.

Malaysian Economic and Labour Market Data

The GDP growth for 2007 is forecasted to be 6%, which will result in an upswing in business and consumer activities. However, the possibility of the US economic slowdown, fears of disorderly adjustments in financial markets on global imbalances, increasing asset prices and financial volatility could pose as risks to the economy. The main focus of the Malaysia Budget 2008, is on boosting the nation's competitiveness, encouraging foreign investments, strengthening human-capital development and ensuring the well-being of all Malaysians.

Key drivers of engagement

	Malaysia	Asia-Pacific
Top Driver	Communication	Customer Focus
2nd Driver	Customer Focus	Compensation and Benefits
3rd Driver	Compensation & Benefits	Communication

Communication items

Effective internal communication programmes should consist of both top down as well as bottom up communication. The senior leadership needs to play a visible role in providing information on business strategies, operational plans and goals (line of sight) to employees on a regular basis. In addition, involving employees in the decision making process by providing feedback mechanisms such as face-to-face meetings, focus groups, employee attitude surveys etc. help to build employee commitment. The fact that this is a key driver of engagement is evident in the favourable scores in the table above. Highly engaged employees rank both top down as well as bottom up communication programmes in their organisations much more favourably than low engagement employees.

Malaysian employers have some work to do in this area. When asked whether senior management takes an active role in communicating to employees, only 53% employees in the sample responded favourably. In addition, only 49% responded favourably when asked if their companies do a good job of seeking employee opinion and suggestions.

Customer focus items

Customer focus is important in promoting employee engagement because when employees see that their organisation is placing a greater emphasis on providing high quality customer service/ products, they are more likely to be proud of their company, feel greater job security and want to bring others into the organisation. Employees with high engagement are significantly more likely to say that their company puts customers first when making decisions and provides high quality products and services; - as highlighted in the high favourability scores shown in the table above.

This is an area where employees in Malaysia feel that their company is doing quite well. For companies that need to improve, it is important to ensure that employees are aware of product and service attributes which demonstrate superior quality and to create programmes that are built around ensuring quality deliverables to customers.

Compensation and benefits items

Compensation and benefits is often a contentious issue for most employees. Engaged employees understand the rationale behind their pay and more importantly, believe that their compensation is competitive in the market. It is not surprising that employers receive low favourability ratings for this category. However, it is not so much because their reward programmes are not competitive, but more so because their employees do not understand how their compensation is determined.

Like employers across the Asia Pacific, Malaysian employers also received low favourability scores in this category. Employers need to effectively communicate the value of the total compensation package and show how it compares with what other companies offer, to employees. For instance, "Total Reward Statements" which have shown to result in a substantial improvement in employee satisfaction, can be used

Figure 1 | Favourable Percentage Ranking of Key Drivers in Malaysia

Drivers	High Engagement % Favorable	Low Engagement % Favorable
Communication		
My company does a good job of seeking the opinions and suggestions of employees.	80%	10%
Management at my company does a good job on explaining the reasons behind major decisions.	80%	10%
Senior Management takes an active, visible role in communicating to employees.	85%	11%
Customer Focus		
My company makes customer satisfaction a top priority.	97%	54%
Employees are held accountable for the quality of products/services provided to customers.	91%	60%
Management at my company demonstrates a commitment to customer service.	95%	49%
Compensation and Benefits		
Overall, employees are satisfied with their pay.	67%	17%
My company does a good job in providing information on the way my pay is determined.	72%	10%
There is a clear link between my job performance and my pay.	77%	11%
Employees know the value of their "total compensation" packages.	87%	27%
Employees are satisfied with the flexibility of their company's benefits system to address their benefits needs?	75%	20%

Norms: Relative Ranking of Favorable Attitudes by Category

The drivers of engagement are most important because the research shows that improvements in these drivers are associated with improvements in business performance. This helps organisations focus and prioritise their change and business improvement programs.

However, it is also useful to understand employees' views of their workplace culture, by reviewing the relative rankings of key categories of workplace culture.

Employees in Malaysia are most positive about Line of Sight, Workplace Respect and Customer Focus. Creating a customer-focused organisation instils confidence in employees, not only in the products and services being offered by the company, but also

in the long term sustainability of the business operation. In addition, it provides employees with a sense of identity, and the organisation, an employer brand.

On the other hand, employees have least favourable ratings for Communication, Compensation and Benefits, and Strategic Direction and Leadership. Malaysians value information and dialogue. They want to be informed about current issues and challenges their companies face, and what management is doing to address them. They also want to have a say and to impact on issues that directly affect them. Their employers therefore have to do a better job in disseminating information and in educating and engaging the workforce in meaningful discussions about their concerns.

Figure 2 | Relative Rankings of WorkAsia™ Categories in Asia Pacific and Malaysia

Category	Malaysia	Asia Pacific
Line of Sight	1	1
Respect in the Workplace	2	2
Customer Focus	3	4
Engagement	4	3
Performance Management	5	6
Integrity	6	5
Process Improvement and Innovation	7	7
Supervisor	8	10
Work Environment	9	8
Enablement	10	9
Commitment	11	11
Hiring & Advancement	12	12
Training & Development	13	13
Communication	14	15
Compensation & Benefits	15	14
Strategic Leadership & Direction	16	16

Conclusion

Watson Wyatt's WorkMalaysia™ study is a key diagnostic tool that helps businesses in two important ways. Firstly it analyses the top drivers of employee engagement. Engagement levels have been repeatedly linked to financial performance, and this information will enable the organisation to take targeted action to increase its competitiveness in the marketplace.

Secondly it analyses key categories of the workplace culture, so that the organisation can develop an employer brand that is compelling and competitive in the labour market.

Drivers of employee engagement vary across industries, organisations and employee groups. This means that managers and senior leaders need to measure engagement within their own organisations and identify the specific factors for their own employees. Organisations must be able to identify and understand their own unique needs and situation. Only when this information is obtained can they make the correct gap analysis, design the appropriate interventions, and prioritise action steps to tackle their most pressing issues.

Finally, one of the most important things Watson Wyatt research shows is that there is a gap between the design of programmes and how well those programs are implemented. By measuring engagement over time, organisations can leverage their own data to design programmes that have real impact on engagement. They can also pinpoint differences among employee groups, business units and locations so they can better tailor and target these programmes. The results of this measurement process is an enhanced ability to design human capital programs that achieve desired results and deliver a solid return on investment.

If you are interested in conducting an Employee Opinion Survey at your organisation, please contact Watson Wyatt Malaysia.