



**Faculty of Cognitive Sciences and Human Development**

**Industrial Relations Quality and Work Engagement in East Malaysia  
Private Sector Organizations with Government Involvement as  
Mediating Factor**

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Industrial Relations Quality and Work Engagement in East Malaysia Private  
Sector Organizations with Government Involvement as Mediating Factor

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A thesis submitted

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## DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Malaysia Sarawak. Except where due acknowledgements have been made, the work is that of the author alone. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.



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## **ABSTRACT**

Several scholars claimed that sound industrial relations lead to organizational outcomes. There are studies and instruments to measure sound industrial relations, however, so far based on available databases there is no evidence of empirical studies conducted on industrial relations quality and also to assess quality of industrial relations. Thus, this study was conducted to explore and identify elements of sound industrial relations which then were employed as criteria to develop industrial relations quality construct and used to assess the quality of industrial relations. This study also seeks to determine the influence of industrial relations quality on work engagement. The stance of government involvement in industrial relations particularly in Malaysia and its roles in mediating industrial relations and work engagement was also determined in this study. This study employed exploratory sequential design mixed-methodology approach. The qualitative method was used to explore and identify elements of sound industrial relations. The quantitative methods was to determine the criteria to develop industrial relations quality construct and to assess quality of industrial relations, the influence of industrial relations on work engagement, the stance of government involvement in the country's industrial relations, and to determine the quality of industrial relation particularly in East Malaysia. The study was conducted in unionized private sector organizations in East Malaysia. The informants and respondents for this study are the management officials and union officials. It was initiated by reviewing vast literature on industrial relations best practices both locally and abroad. Data collection of both qualitative and quantitative approaches were conducted online due to the COVID-19 movement control order. In-depth interview sessions with 2 managerial officials and 2 trade union officials were conducted via video conferencing platform on Google Meet. A total of 104 respondents out of 828 sample size responded to the online survey. The qualitative data collected were analyzed using NVivo version 12 plus where text queries were performed to identify the

number of references of each industrial relation best practice. There were seven industrial relations practices identified. The seven elements of sound industrial relations identified based on a qualitative approach using NVivo were then determined by employing a quantitative approach using Statistical Package for Social Sciences (SPSS) version 26. Data obtained via qualitative approach and quantitative approach were then triangulated to determine the viability of the seven dimensions identified for developing industrial relations quality construct and criteria to assess the quality of industrial relations. The analysis shows that all seven elements of sound industrial relations can be employed as criteria to develop industrial relations quality construct and also as the criteria to assess the quality of industrial relations. The study also reveals via its findings that government involvement does provide aid to industrial relations in the country. This study provides evidence that the quality of industrial relations in East Malaysia is high and attains the same percentage of achievement as the national IHI.

**Keywords:** Industrial relations quality, government involvement, work engagement, compliance, industrial relations best practices

***Kualiti Perhubungan Industri dan Penglibatan Kerja dalam Organisasi Sektor Swasta di Malaysia Timur dengan Penglibatan Kerajaan sebagai Faktor Pengantara***

**ABSTRAK**

*Beberapa sarjana mendakwa bahawa hubungan industri yang baik membawa kepada hasil organisasi. Terdapat kajian dan instrumen untuk mengukur keharmonian hubungan industri, namun setakat ini berdasarkan carian dalam pangkalan data yang ada menunjukkan tiadanya bukti kajian empirikal yang dijalankan terhadap kualiti hubungan industri dan juga untuk mengukur kualiti hubungan industri. Justeru, kajian ini dijalankan untuk meneroka dan mengenal pasti amalan terbaik perhubungan industri yang kemudiannya boleh digunakan untuk membangunkan konstruk kualiti perhubungan industri dan kriteria untuk mengukur kualiti perhubungan industri. Kajian ini juga bertujuan untuk menentukan hubungan antara kualiti perhubungan industri dengan penglibatan kerja. Kaitan penglibatan kerajaan dalam perhubungan industri khususnya di Malaysia dan penglibatan kerja juga ditentukan dalam kajian ini. Kajian ini menggunakan pendekatan kaedah campuran reka bentuk berurutan penerokaan. Kaedah kualitatif digunakan untuk meneroka dan mengenal pasti amalan terbaik perhubungan industri. Kaedah kuantitatif adalah untuk menentukan kriteria untuk membangunkan konstruk kualiti perhubungan industri dan menilai kualiti perhubungan industri, pengaruh perhubungan industri terhadap penglibatan kerja, pendirian penglibatan kerajaan dalam perhubungan industri negara, dan menentukan kualiti perhubungan industri. khususnya di Malaysia Timur. Informan dan responden kajian ini adalah pegawai pengurusan dan pegawai kesatuan. Ia dimulakan dengan kajian literatur yang luas mengenai amalan terbaik perhubungan industri dalam dan luar negara. Pengumpulan data kedua-dua pendekatan kualitatif dan kuantitatif telah dijalankan dalam talian kerana perintah kawalan pergerakan COVID-19. Sesi temu bual mendalam dengan 2 orang pegawai pengurusan dan 2 orang pegawai kesatuan sekerja telah*



*dijalankan melalui platform persidangan video di google meet. Sebanyak 104 responden daripada 828 saiz sampel menjawab tinjauan dalam talian. Data kualitatif yang dikumpul dianalisis menggunakan NVivo versi 12 plus di mana pertanyaan teks dilakukan untuk mengenal pasti bilangan rujukan setiap amalan terbaik perhubungan industri. Terdapat tujuh elemen terbaik perhubungan industri yang dikenalpasti. Tujuh elemen terbaik perhubungan industri yang dikenal pasti berdasarkan pendekatan kualitatif menggunakan NVivo kemudiannya ditentukan dengan menggunakan pendekatan kuantitatif menggunakan Pakej Statistik untuk Sains Sosial (SPSS) versi 26. Data yang diperoleh melalui pendekatan kualitatif kemudiannya ditriangulasi untuk menentukan daya maju tujuh dimensi yang dikenal pasti untuk membangunkan konstruk kualiti perhubungan industri dan kriteria untuk menilai kualiti perhubungan industri dalam organisasi. Analisis menunjukkan kesemua tujuh elemen terbaik perhubungan industri boleh digunakan sebagai kriteria untuk membangunkan konstruk kualiti perhubungan industri dan juga sebagai kriteria untuk mengukur kualiti perhubungan industri. Kajian itu juga mendedahkan melalui penemuannya bahawa penglibatan kerajaan memang memberikan bantuan kepada perhubungan industri di negara ini. Kajian ini memberikan bukti bahawa kualiti perhubungan industri di Malaysia Timur adalah tinggi dan mencapai peratusan pencapaian yang sama dengan IHI negara.*

**Kata kunci:** *Kualiti perhubungan industri, penglibatan kerajaan, penglibatan kerja, pematuhan, amalan terbaik perhubungan industri*

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## **LIST OF ABBREVIATIONS**

AHP	Analytical Hierarchical Process
CCIH	Code of Conduct for Industrial Harmony
CUEPACS	Congress of Unions of Employees in the Public and Civil Service
EA	Employment Act 1955
FDI	Foreign Direct Investment
IHI	Industrial Harmony Index
IRA	Industrial Relations Act 1967
ISO	International Organization for Standardization
KPI	Key Performance Indicator
LEP	Look East Policy
MAPA	Malayan Agricultural Producers Association
MEF	Malaysian Employers Federation
MOHR	Minister of Human Resources
MTUC	Malaysian Trades Union Congress
NEP	New Economic Policy
NLAC	National Labour Advisory Council
NUBE	National Union of Bank Employees
NUTP	National Union of Teaching Profession
RO	Research Objectives
RQ	Research Questions
TUA	Trade Unions Act 1959
TQM	Total quality Management
UPM	Universiti Putra Malaysia
UWES	Utrecht Work Engagement Scale

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Introduction**

The focal point of this study is to explore and determine best practices of industrial relations that may potentially lead to the development of industrial relations quality construct. This study also seeks to examine the effect of industrial relations on employee work engagement. It also attempts to determine the bearing of government involvement in industrial relations, particularly in Malaysia on industrial relations and work engagement. There are nine sections in this chapter. The chapter starts with the section on the background of the study followed by other sections respectively presenting the statement of the problem, research objectives, research questions, research hypotheses, the scope of the study, the significance of the study, and the definition of terms used in this study. The final section summarizes this chapter. This chapter is important as it provides an overview of the study undertaken.

### **1.2 Background of the study**

Human resources have remained vital and fundamental to the economic success of the majority of developed nations. This also holds factual for 21st-century organizations that aspire to be the best among their contemporaries (Andure, 2023). Thus, it is true to state that an organization with its current level of material and financial resources will function slowly if the training of its human resources is not given enough priority. As a result, organizations are forced to train and develop their human resources to ensure that their workforce has the necessary knowledge, skills, and abilities for overall organizational

productivity. The literature also shows organizations that train and develop their human resources yield better outcomes (Al-Rawahi, 2022; De Prins, Stuer, & Gielens, 2020; Moge, 2023). Accordingly, it is common to find organizations train and develop their employees with the knowledge, skills, and abilities that are directly related to their work like communication skills, computer skills, customer service, team building to enhance team cohesiveness, and many more.

Employees who are engaged are highly performing and productive therefore they are valuable assets to their organizations (Kavyashree, Kulenur, Nagesh, & Nanjundeshwaraswamy, 2023; Odunukwe, Anah, & Ezech, 2023). Employees become engaged with their work when they possess the knowledge, skills, and abilities to perform the tasks assigned to them (Hashem, Sfeir, Hejase, & Hejase, 2022). Thus, organizations need to have their managerial officials and trade union officials to be trained and developed in industrial relations quality to help the organization attain quality industrial relations that lead to employees' work engagement. However, rarely we hear organizations train and develop their employees on matters regarding industrial relations as vigorously as those that are directly targeting improving their knowledge, skills, and abilities, although industrial relations is one of the important aspects in securing a harmonious workplace.

Jamaluddin, Taher, and Yi (2019) claim a sound industrial relations is necessary to improve the productivity of employees, industrial progress, and the success of economic development in any country. No wonder scholars have given increasing attention in the past and recent years to the study of industrial relations and its impact on organizational outcomes (Kalita, 2022). Ignoring industrial relations climate may result in low work engagement among employees (Rožman, & Štrukelj, 2021). Hence, organizations need to secure a harmonious working environment as it can influence them in many ways (Fanisi, Agbakwuru, & Onoja, 2023; Mitsakis, 2020). This means a workplace with sound industrial