

An Analysis Of The Cross-Cultural Differences Between Malaysia And China On The Impact Of Digital Transformation In Human Resource Management On Employee Engagement

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ABSTRACT

This study used human resource management as an intermediary to investigate the impact of digitisation on employee engagement in Malaysia and China. It aimed to understand the effects of technological advancements on worker involvement while considering country variances. The research used a quantitative methodology, surveying 778 individuals from both countries to gather data. The study revealed a robust beneficial connection between digital transformation and employee engagement, using human resources management practices as a mediating factor. Digital initiatives enhanced managerial interactions, teamwork, and morale; nonetheless, the outcomes exhibited considerable variability. Active leadership and admiration in Malaysian businesses led to increased levels of involvement. These entities tended to put worker wellness, collaboration, and inclusion first. Chinese organisations, on the reverse, put more focus on performance, efficacy, and data-driven decisions. This had the opposite impact on how people believed about their jobs and how involved they were. The results showed how important it is to change electronically stored HR procedures to meet cultural factors to get the most participation. The research discovered that employee engagement ratings in both countries significantly increased when novel technology was meticulously integrated with tailored HR approaches and cultural considerations. In the face of constant changes in technology, those results showed that both technology-based and people-based methods are needed to keep employees interested and devoted. The study enhanced the awareness of the effective use of digital tools within many cultural settings, aiming to improve managerial productivity and employee engagement with modern communication...

Keywords: *Digital transformation; Human Resource Management; employee engagement; cross-cultural differences; Malaysia; China..*

1. INTRODUCTION:

Businesses worldwide are being forced to alter their business practices due to the rapidly changing technological landscape. Leading the charge on the reforms is human resource management. Improved training, engagement, evaluation, and recruiting may result from digitising Human resource management procedures using modern methods like data analysis, the cloud, and web-based apps. The goal of this change is to make processes easier for employees to understand and increase overall productivity. Understanding the impact of digital human resource management procedures on cross-cultural employee engagement is crucial as the scale of international corporations rises. One of the greatest ways to assess accomplishments, recruiting, and how well a business runs is via employee engagement, and these remains the amount of commitment and enthusiasm an individual has for doing a job for the organisation. Technological innovation has made interaction achievable by providing tailored growth opportunities, simplified talks, and quick responses attainable. How well such strategies work depends on two things: what employees anticipate and how managers usually do things (Yang & Xu, 2021). The rise of technology has had a significant

impact on human resource management, especially on how companies find, recruit, and keep workers. Innovation is now a part of every part of HR, from hiring to measuring effectiveness. This has had a huge effect on employee engagement in the last few years. The consequences of technology advancements differ based on the historical context. In China and Malaysia, the implications of digital transformation on employee engagement are looked at while taking cultural variations into account. The unique traditions of China and Malaysia offer diverse viewpoints on workforce engagement and digital adaptability, respectively. By analysing these differences, one could acquire a deeper understanding of the impact of cultural norms on employee responses to advances in technology (Naeem et al., 2020). By exploring the relationship between HR development and cultural factors, this study seeks to elucidate how enterprises in both countries may use technological innovations to enhance engagement, increase productivity, and cultivate more enthusiastic and committed employees in this age of swift digital transformation.

2. BACKGROUND OF THE STUDY

The rising utilisation of computer technology has had a big effect on one sector: human resource management. Technological innovation has changed the basic building blocks of contemporary businesses. HR is using modern technologies to make HR processes easier and better as it experiences a technological change. This technology framework includes smart apps, cloud-based HR solutions, big data analysis, and artificial intelligence. These changes make it simpler for managers to do their jobs, but they also change how employees view their jobs and the fundamental principles of the company. The rapid rise of technological advances has had a significant impact on how businesses work, especially in human resource management (Salih, 2020). The method by which HR is run has shifted radically because of artificial intelligence, information analysis, and data analysis. They have improved engagement, efficiency, and collaboration across the world. The speed of digital transformation has been different in various Asian nations, such as China and Malaysia, because of differences in society and government. China's reliance on technological improvements for authority effectiveness may be linked to its rapid growth, inflexible frameworks, and focus on communism (Chan et al., 2022). Malaysia has a lot of diverse cultures and a service-based economy that is expanding, digital human resource management methods there currently tend to be more adaptable and centred on the individual. These societal variations have a big effect on how workers see managerial relationships, digital technologies, and training for participation. Engagement levels influence employee happiness, dedication, and effectiveness, making it crucial to comprehend these factors (Yang & Xu, 2021). This research investigates the effects of digital human resource management developments on employee engagement, considering the cultural disparities between China and Malaysia. The study analyses the digital human resource management initiatives in the two countries, aiming to cultivate inspired and resolute employees, to elucidate the interplay among cultural beliefs, technology preparedness, and company adaptation.

3. PURPOSE OF THE RESEARCH

Investigators in Malaysia and China examined the impact of digital transformation on employee engagement. The investigation focused on the impacts on online campaigns, technological advancements, and organisational modifications on staff enthusiasm, satisfaction, and involvement levels. It examined the influence of culture on digital transformation and engagement. The study examined how individuals and businesses in rapidly digitising Malaysia and China adapted to emerging technologies. The research aimed to assess the extent to which the utilisation of digital tools and procedures enhanced interaction, collaboration, and participation within an organisation. The research examined the preservation of engagement throughout the digitalisation process by analysing management support, technological proficiency, and entrepreneurship mindsets. In both countries, societal values including capitalism, centralised institutions, and disparities in power affected how workers thought about digital projects. By comparing the two countries, the study showed how modern technologies

may be adapted to fit local cultures, which would make employees happier and encourage people to join various kinds of businesses. The study's conclusion about the cultural impact on the relationship between digital transformation and employee engagement were applicable to international companies operating in China and Malaysia.

LITERATURE REVIEW

Several literatures explored the impact of digital transformation on employee engagement. A study examined that digital technology is increasingly widely used in company management and production, as shown by the fact that many companies integrate digital indicators into their staff performance appraisals. The effect of prominent human resource management practices on the digital achievement of workers in Chinese SMEs, focussing on specific cultural domains. According to the results, in a digital marketplace where things fluctuated at a quick pace, employees' aggressive dispositions and behaviours had less of an impact on digital success than their dynamic skills. To improve digital performance in the constantly evolving business world, they stressed the need of developing employees' dynamic capacities inside SMEs (Wang et al., 2024). Another study described few things that make China's management of HR unique. They concluded that to get impressive results from both employees and the company, it was important to understand how engaged employees are in China, especially because China's economy is becoming stronger. They demonstrated that the main objective of Chinese business management was production rather than personal happiness. In addition, they demonstrated that several executives and HR specialists were still adhering to managerial concepts whenever it meant interacting with Chinese personnel, rather than considering the opinions and well-being of their staff (Chan et al., 2022). A previous literature investigated that Under the framework of the government in Malaysia, the elements that impact employee engagement. They structured around three key ideas: serving the public encouragement, personnel administration strategies, and revolutionary leadership. Because of its profound effect on business output, the idea of employee engagement has recently attracted a lot of attention from academics and industry professionals. managerial methods of directing abilities, and the incentive to serve one's community have taken on more importance in today's complicated, unpredictable, and confusing environment. When managers demonstrated they cared about their staff and what they needed, it showed compassion and understanding. Developed amid the worldwide pandemic outbreak, when the expectations placed on public workers have skyrocketed, the research could not have come at a better moment (Zahari, 2023). These literatures helped to get the information about the impact of digital transformation on employee engagement considering the mediating role of Human Resource Management.

4. RESEARCH QUESTION

- What is the influence of digital transformation on employee empowerment, considering human resource management?

6. RESEARCH METHODOLOGY

6.1 Research Design

The study's methodology was based on quantitative data. For the quantitative data analysis, the researcher relied on SPSS version 25. The statistical significance and direction of the association were assessed using the odds ratio and 95% confidence interval. Statistics are considered significant when p-values are less than 0.05. Descriptive analysis helped provide light on the underlying nature of the collected data.

6.2 Sampling

The researcher acquired a lot from adopting a random sampling strategy. The researcher validated that 675 persons constituted part of the sample employing the Rao-soft program. 850 questionnaires were handed by the researcher with the purpose to gather data for this inquiry. There were 809 whole questionnaire sets; 31 of them were eliminated from the final total since they were judged incomplete. A total of 778 people were included in the study, with 405 being female and 373 being male.

6.3 Data and Measurement

The research's principal data source was determined to be the quantitative examination of data. The researcher aimed to collect quantitative data by administering surveys that included a Likert scale rating from 1 to 5. When gathering secondary data, the researcher relied on materials that could be accessed online.

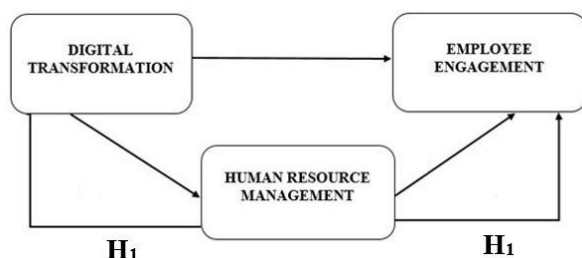
6.4 Statistical Software

The statistical analysis of the study was conducted using SPSS 25 in conjunction with Microsoft Excel.

6.5 Statistical Tools

Analysing descriptive statistics has shed light on various demographic and level-specific features of various programs. Analysis of variance (ANOVA), factor analysis (to find theoretical validity and reliability), and 95% confidence intervals for odds ratios are only a few of the statistical tools used in inference-based research.

7. CONCEPTUAL FRAMEWORK



8. RESULT

• Factor Analysis

Factor Analysis (FA) using open-source data sets aims to identify new components. In situations when there are no obvious symptoms, doctors often use regression coefficients to narrow down the diagnosis. The main

purpose of mathematical models is to identify flaws, patterns, and contradictions. Some researchers assess regression results using Kaiser-Meyer-Olkin (KMO) tests. This study supports both the inductive definition and the dependent variables in the model. Based on the data, there seems to be some duplication. Scientists may decide to reduce the image's size to aid in better understanding. With MO, they might have a number between 0 and 1. If the KMO score falls between 0.8 and 1, there are enough samples. According to Kaiser, to proceed, one will require: Kaiser claims that all these requirements were satisfied: With a more streamlined range of zero to fifty-nine points, the average falls between sixty-nine and sixty-nine. Ground grades in the range of 0.70 to 0.79 are suitable for most intermediate applications. Having an HPS that has a coefficient in the range of 0.80 to 0.89.

They marvel at the range of 0.90 to 1.00.

Table 1: KMO and Bartlett's Test

Testing for KMO and Bartlett's

Sampling Adequacy Measured by Kaiser-Meyer-Olkin .978

The results of Bartlett's test of Sphericity are as follows:

approx. chi-square = 6850.175

df = 190; sig = .000

Table 1: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.978
Bartlett's Test of Sphericity	Approx. Chi-Square	6850.175
	df	190
	Sig.	.000

To get the claims within their samples, a lot of people use this technique. The researchers will use Bartlett's Test of Sphericity after determining the correlation matrices' statistical significance. A Kaiser-Meyer-Olkin score of 0.978 indicates that the sample size is deemed sufficient for the study. A negative result from the Bartlett sphericity test is shown by a p-value of 0.00. If the correlation matrix passes Bartlett's Sphericity test, researchers may conclude that it is not an identity matrix.

❖ INDEPENDENT VARIABLE

• Digital transformation

Digital transformation is important all over the world and a big concern for businesses in all industries because it alters how they interact with customers, how they do business, and how they create value. Occasionally, a lot of shifts in society and culture lead to advancement in the marketplace. Digital transformation represents one regarding the most current developments. Digital transformation, which is using digital technology throughout the company, has a big effect on how a business runs and how it delivers services (Zaoui & Souissi, 2020). Some emerging developments that could help with improved client service, more effectiveness, and new concepts include cloud computing, AI, big data, and

the Internet of Things. For the process to work in companies, people need to shift their thinking about being flexible, always learning, and making decisions about facts. Digital transformation is driven by three key forces: advancements in technology, greater competition, and changing client demands. A successful switch could result into more ways to make money, increased management productivity, and a quicker response to changes in the economy (Kraus et al., 2021). But there are problems to solve, such as issues about data privacy, cyber risks, and the enormous expenses involved. Companies need to go through digital transformation if they want to be advantageous and stay in business in the age of digital commerce.

❖ **MEDIATING VARIABLE**

• **Human resource management**

Human Resource Management includes a wide range of duties, such as employing workers for a reason, training these individuals, coordinating development, pay, performance, relations with workers, health diligence, employee happiness, and service delivery. These rules and programs influence efficiency, employee involvement, and professional expectations. The company's effectiveness, including financial profits, advantages, competitiveness, and share of the marketplace, could be favourably impacted by the implementation of Human Resource Management procedures (Anwar & Abdullah, 2021). To keep one step ahead of its competition, a company needs to carefully manage its employees, and this idea led to the formation of Human resource management. Human resource Management refers to the set of rules and procedures that a business uses to make sure that its employees do what they are supposed to do. These include recruiting, training, evaluating, and encouraging workers, and additionally giving them a say in business decisions. Human resource management is important because it helps companies stay ahead of their competitors by recruiting and maintaining the best workers, rendering modifications and shifts easier, and getting most out of their most valuable resource: their workers (Alsafadi & Altahtat, 2021).

❖ **DEPENDANT VARIABLE**

• **Employee engagement**

In today's business world, businesses must adopt a lot of different methods to stay in business since competition is becoming tougher. One method for obtaining the most out of one's personnel is to get them involved. The movement of many industrial workers has made terminations a big challenge for corporations. But the information technology (IT) business depends a lot on individual's inherent skills, especially those who engage as programmers. The Gallup Institution's fresh concept of "employee engagement" says that "attachment" means that a worker has a cheerful outlook towards their job and employer (Lee et al., 2020). Different companies have quite different ideas about what employee engagement means. Being stressed is the opposite of being engaged at work. The way people connect with other individuals at work has a direct effect on how engaged they are, which in consequently makes the firm more productive. When

employees think that their respective positions jobs reflect the ideals of their company, and its standards are vital to them, they do a greater job. When employees exhibit indicators of identifying with their job responsibilities, such tenacity, great enthusiasm, and a lot of professional activity indicate that they become more involved in their employment (Riyanto et al., 2021). This is reinforced by the idea that how workers feel influences how they think, act, and, in the end, how engaged they are and how many leave. Engagement is something that every organisation has looked at throughout the years; it goes beyond just being devoted to the brand or happy with a product (Saks, 2022). On the other side, engagement is desiring to be an integral component of a something bigger and working hard to do so. It means being ready to take on additional work to assist one's boss do well.

• **Relationship between digital transformation and employee engagement considering human resource management:**

Technological progress has had a big effect on employee engagement, particularly in HR structures that include areas with different levels of wealth, like Malaysia and China. The technology advancement in Malaysia has made it easier to communicate via the internet, made work more pleasant, and made sure that all workers have an equal chance to have a say in decisions. In Malaysian businesses, engagement tactics that focus on developing connections and working together tend to be quite important. This may be because the nation is innovative and occasionally centralised. Digital rewards schemes, online conferences, and employment from domicile are just a few instances of how technological innovation has made life better for people and made them more productive. Many individuals have seen that Chinese businesses are increasingly more organised and concentrated on getting things done. Digital transformation has rendered it feasible to make information-driven evaluations, surveillance processes, and HR efforts that focus on efficiency better (Wang et al., 2024). In China, employees are engaged via convincing from their managers and loyalty to the company rather than open communication. This is due of the nation's strict power structure. In contrast to Malaysia's initiatives, which focus on inclusiveness and employee involvement, China's digital HR efforts put more priority on efficiency and alignment with business goals. There are numerous characteristics that are the same about the two countries, but they have different ideas about how to work together and get along. The technology expansion has changed the way goods are managed by making two-way communication easier and promoting ongoing interaction. For digital HR projects to work, they need to understand how cultures differ. These strategies should try to bring together innovative thinking, happy employees, and efficient management, all of which depend on how technology is employed (Wang et al., 2025).

Investigators have built their whole understanding of the relationship between digital transformation and employee engagement considering human resource management on essential assumptions:

- **“H₀₁: There is no significant relationship between digital transformation and employee engagement considering human resource management.”**
- **“H₁: There is a significant relationship between digital transformation and employee engagement considering human resource management.”**

Table 2: H₁ ANOVA Test

ANOVA					
Sum	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	67785.480	319	212.494	104.987	.000
Within Groups	927.190	458	2.024		
Total	68712.670	777			

The findings of this inquiry were significant. The researchers have achieved the statistical significance level when the F-value is 104.987 and the p-value is less than .000. Scientists reject the null hypothesis and accept **“H₁: There is a significant relationship between digital transformation and employee engagement considering human resource management”** considering these findings.

9. DISCUSSION

Researchers in China and Malaysia found that digital transformation increased employee engagement. Digital transformation changed how people interacted, cooperated, and were motivated in companies that were also undergoing digital transformation, according to the statistical data. There was some indication that modern technologies may increase employee engagement by facilitating more transparency, openness, and flexibility in human interactions. Employees in Malaysia reported higher levels of happiness and engagement because of digital HR initiatives that promoted inclusiveness and collaboration. Digital HR practices helped Chinese businesses be profitable and true to their core values. Cultural differences affect how employees perceive about digital transformation, according to the results, demonstrating the necessity to localise strategies. To boost participation and efficiency, some Chinese enterprises have reorganised their use of internet

technologies, robots, and artificial intelligence. Motivating factors for Chinese workers were positive reinforcement, tangible results, and room for innovation. Company hierarchy in China impeded participation. Employee trust and loyalty were boosted by data-driven choice-making and technological openness.

10. CONCLUSION

Advances in technology, according to the study's findings, increased participation from workers in both China and Malaysia. Employees' interactions, cooperation, and performance were found to have altered because of technology installation, according to the inquiry. To accomplish a digital shift, it was necessary to have technological advances, managerial backing, the ability to modify cultural elements, and staff development opportunities. Innovations and government policies hastened China's digital transformation. Chinese human resource management increased productivity and morale with the help of artificial intelligence, robots, and digital surveillance. Workers were motivated by appreciation, efficiency prizes, and chances to be creative. Slower than expected, Malaysia's digital shift prioritised human connections and diversity. The findings showed that employees valued mental health, supportive leadership, and teamwork. Engagement was higher at Malaysian businesses that combined technology and human assistance. Cultural factors influenced how employees reacted to digital transformation, according to the study. Chinese employees were highly impacted by systems that prioritised success and performance, whereas Malaysian human resource management were more influenced by societal solidarity and collaboration. A digital shift that was in line with employee expectations and business culture and principles increased involvement in both countries, despite cultural variations. According to the findings, digital transformation was both technologically advanced and focused on people. Consistent participation requires growth, engagement, and certainty. More engagement and growth occurred at organisations that blended creativity with compassion..

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