

# A CROSS-CULTURAL DISCUSSION BETWEEN CHINA AND MALAYSIA ON DIGITAL TRANSFORMATION IN HUMAN RESOURCE MANAGEMENT AND ITS IMPLICATIONS ON EMPLOYEE ENGAGEMENT

<sup>1</sup>Fan Wenxue, <sup>2</sup>Sreemoy Kanti Das, <sup>3</sup>Mrutyunjay Sisugoswami  
<sup>1,2,3</sup>Lincoln University College, Petaling Jaya, Malaysia

*Corresponding Author:*

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## ABSTRACT

*The implications of digital transformation in HRM on employee engagement were explored in China and Malaysia in this research. This study examined how tech-driven HRM practices such as performance monitoring, online learning and HR analytics influence workers' attitudes towards their position and commitment to the organisation. A quantitative approach was used to evaluate the relationship between HRM and involvement in the two distinct cultures. The researcher examined 778 valid responses from 850 respondents who completed a structured questionnaire using SPSS version 25. ANOVA and factor analysis were used for evaluating how strongly employee engagement and digital HRM are related. The results demonstrated a robust and positive relationship between employee engagement and HRM practices. Better communication, feedback, and opportunities for professional development in digital HRM led to more engaged and trustworthy employees. Cultural variations had a substantial impact on how much engagement was conveyed. The HRM methods that placed the most focus on honesty, compassion, and collaboration were the most effective in Malaysia. Digital systems welcomed all members and promoted cooperation, which was consistent with the country's socialist values. In China, the focus was on digital transformation that was effective, organised, and performance-oriented. Employee engagement levels rose when technology was paired with measurable objectives and techniques for expressing gratitude to staff members. The results highlight the need to blend cultural awareness with technological innovation which encourages study on HRM across cultures. The findings of the research indicate that the adoption of digital HRM in Malaysia and China with cultural awareness has the potential to improve organisational engagement and sustainability.*

**KEYWORDS:** Digital transformation; Human resource management (HRM); Employee engagement; China; Malaysia; Digital HRM.

## 1. INTRODUCTION

Human Resource Management (HRM) is at the core of the operational structural changes that businesses across the world are being forced to make due to the fast-paced digital era. For HRM procedures, digital transformation concerns employing creative technologies like as analytics of data, cloud computing and digital communication tools. This allows for enhanced management of activities such as recruitment, engagement, performance evaluation and training. The main objective in making this improvement is to streamline staff operations and enhance overall efficiency. A growing number of global organisations makes it even more important to understand how digital HRM practices affect cross-cultural employee engagement. Payroll, regulation and recruitment were traditionally prioritised in traditional HRM models. Nevertheless, with the arrival of digital transformation, HRM has emerged as an essential partner in the effort to increase employee engagement, productivity and innovation. When it comes to managing human resources, digital HRM is the way of the future. It uses data-driven systems and digital technology to boost areas like employee wellness, performance management and recruitment (Ng et al., 2024). Using a variety of digital technologies, HR can monitor employee behaviour in real time, accelerate regular tasks and customise services for each individual. Strategies for human resource management are significantly impacted by cultural norms in Malaysia and China. Digital changes that are well-managed and improve performance are common in China. Cooperation, support and employee welfare are emerging focus areas of digital transformation. HRM's essential values are discipline, dedication and observable results. Employees are inspired by strategic goals and technical evolutions. Building relationships and collaborative work conditions are the central elements of Malaysian HRM patterns. The significance of combining technology with local values is growing as Asian businesses adapt to global digital trends (Jing & Nuruly, 2025). HR professionals are accountable for creating digital solutions that appreciate culture and encourage involvement. Without compromising employee involvement, the research project's primary goal is to illustrate how HRM digital transformation may foster cultural harmony between China and Malaysia.

## 2. BACKGROUND OF THE STUDY

The reason for the quick adoption of HRM digitisation in China may be explained by the strong desire of the government for growth in the digital economy and severe conflict among businesses. Digital technology is reshaping human resources in China, especially in the software and services industries, through online recruiting, digital learning platforms, performance assessments driven by artificial intelligence, and many more examples. On the other hand, Malaysia can be considered a country that has successfully implemented digital transformation of HR because of its diversity and dynamic economic environment. More and more companies in Malaysia are investing in digital HR technologies to assist them in managing diversity, engaging employees, and recruiting and retaining top talent (Sithambaram & Tajudeen, 2023). When considering the influence of digital transformation on employee engagement in Malaysia and China, there can be outlined a clear link between organisational culture, leadership and workers' cybersecurity readiness. Depending on how it will be implemented into practice, digital HRM has a great potential to strongly enhance engagement through data-driven performance evaluation, flexibility of remote work, and real-time feedback. On the other hand, it has the potential to reduce interpersonal relationships, cause digital tiredness, information overload, and a lack of personal contact if enabling leadership and clear communication are not in place. These concerns may decrease participation. Despite developments, both countries face challenges. The cultural context in China, being performance-oriented and having hierarchical structures, may hamper free expression and original thought of ideas (Pucik et al., 2024). In Malaysia, digital adoption might be hindered by the cultural emphasis on harmony and development of connections. It is vital to understand the effect of digital transformation on employee engagement in different cultural contexts because of these differences. Moreover, it is important to note that the success of an organisation highly depends on employee engagement. It is defined by how much value, motivation and connection workers experience for their job. Digital HRM may increase engagement through recognition systems, e-learning, and online feedback. Conversely, it has the potential to reduce interpersonal relationships.

## 3. PURPOSE OF THE RESEARCH

This research sought to examine the influence of the digital revolution in HRM on employee engagement in China and Malaysia. The main purpose of this study was to demonstrate how the motivation and productivity of employees are simulated by technology-driven human resource procedures. This article has concentrated on how online learning, HR analytics and performance tracking tools are transforming the executive-employee association. The influence of cultural factors was also examined regarding the successful enactment of digital HRM initiatives in the two countries. While Malaysian HRM systems concentrate on employee collaboration and wellbeing, those of China are inclined towards usefulness and accomplishment tracking. This research sought to address the subject matter of how these distinctions affect engagement and confidence in the workplace. The key objective of this research was the establishment of whether or not digital transformation enhances employee engagement, communication, and education. From this, policymakers and human resource experts may use discoveries in the formulation of digital policies that assess the cultural norms of each country. Altogether, the research aimed at finding out how the HRM techniques in China and Malaysia can be improved through the use of technology to deliver a more interested, motivated and future-ready workforce.

## 4. LITERATURE REVIEW

People are concerned about employees' levels of motivation, engagement, and connection at work due to the prevalence of digital technology in HRM. Consequently, HR software that is accessible online has the potential to improve communication and give workers greater autonomy. In HRM and many other areas of its rapidly developing digital economy, China has completely embraced technological advancements. Due to the rise of regional IT behemoths and government initiatives to enhance internet infrastructure, Chinese companies may be heavily utilising digital technologies. Human resource management is only one area where China's rapidly expanding digital economy has merged digital technologies. The emergence of regional IT behemoths and government initiatives to enhance digital infrastructure are contributing factors to the digital technology fervour among Chinese firms (Wang et al., 2024). Malaysia is in a unique circumstance. Both the governmental and private sectors in Malaysia have had trouble adjusting to the country's rapid digital adoption, but to different degrees of skill. Because of its diverse workforce, shorter distance between executives, and more adaptability to engaged management in some areas, digital HRM may lead to different experiences and outcomes. The efficacy of digital HR techniques may be contingent upon the degree to which Malaysian workers value interpersonal relationships with technology. Both the governmental and private industries in Malaysia have had trouble adjusting to the country's rapid digital adoption, though at different levels of skill (Tajudeen et al., 2025). Digital HRM has the ability to produce a range of experiences and results due to its diverse workforce, short administrative distance, and increased sensitivity to participative management in some industries. Digital HR strategy may be influenced by how much value Malaysian workers place on human interactions with technology. Researchers in China discovered that the digital performance of small and medium-sized enterprises (SMEs) and the dynamic capacities of their employees improved when HRM policies promoted greater levels of employee participation (Zhang et al., 2025). There is a correlation between employee engagement, workplace flexibility, and competence perceptions, according to this study. Employees' opinions of the shift to digital HRM are mediated by their level of job engagement, which in turn determines how proactive they are. By facilitating knowledge sharing and career advancement opportunities, digital technology increased engagement in Malaysian businesses by 75%, according to a 2023 journal article. Research comparing and contrasting different civilisations is relatively young, yet it shows great promise. Most of the research that has been done so far supports the idea that digital transformation projects make the connection between human resource management and employee engagement even stronger. But, these efforts are successful if people know how to utilise and comprehend cultural factors. Businesses that want to keep their employees and do well in today's workplaces, which are becoming more multicultural and globalised, are required to come up with contemporary and culturally sensitive human resource strategies (Purwanto et al., 2023).

## 5. RESEARCH QUESTION

- How does HRM influence employee engagement?

## 6. RESEARCH METHODOLOGY

### 6.1 RESEARCH DESIGN

A quantitative method was used to investigate the research subject. The researcher used SPSS version 25 for analysing the quantitative data. The odds ratio and 95% confidence interval were used to measure the strength and direction of the statistical connection. When the p-value is less than 0.05, the data is deemed to have statistical significance. The fundamental character of the acquired data was better understood with the use of descriptive analysis.

### 6.2 SAMPLING

Using a random sampling approach, the researcher gained valuable insights. Rao-soft software suggested that 675 samples would be suitable for the data collection purpose of the study. This study's data was gathered from 850 questionnaires that were distributed by the researcher. Out of 809 questionnaire sets, 31 were classified as incomplete and were thus discarded from the final aggregate. The overall sample size was thus determined to be 778, comprising 405 females and 373 males.

### 6.3 DATA AND MEASUREMENT

The key source of information for the study was determined to be the analysis of quantitative data. The researcher asked respondents to score their ideas on a Likert scale that spanned from one to five points, and the questionnaires fulfilled the purpose of collecting quantitative data. In the course of the process of gathering secondary data, the researcher concentrated the majority of their attention on the resources that were accessible over the internet.

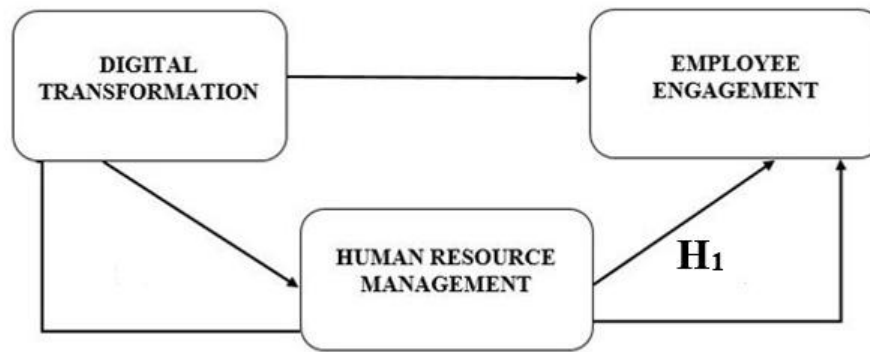
### 6.4 STATISTICAL SOFTWARE

The researcher implemented SPSS 25 combined with Microsoft Excel for the statistical analysis of the study.

### 6.5 STATISTICAL TOOLS

Several demographic and level-specific characteristics of different programs have been clarified by an examination of descriptive data. Research based on inference employs a wide variety of statistical methods, including analysis of variance (ANOVA), factor analysis to determine theoretical reliability and validity, and 95% confidence intervals for odds ratios.

## 7. CONCEPTUAL FRAMEWORK



## 8. RESULT

### • FACTOR ANALYSIS

Publicly accessible data may be analysed using Factor Analysis (FA) to identify components that were previously undiscovered. The results of a regression analysis could be crucial in making a diagnosis when no outward signs of a mental or physical illness are present. By conducting simulations, potential weak spots, clear links, and gaps may be found. When assessing the results of a multiple regression analysis, the Kaiser-Meyer-Olkin (KMO) test is used. The dependent variables in the statistical model consistently provide estimates of the dependent variable. Data that is similar to one another might be discovered by two different people. When proportions are reduced, data becomes easier to interpret. The KMO algorithm reliably provides investigators with counts ranging from 0 to 1. A sufficient sample size is defined as a KMO score between 0.8 and 1. To get Kaiser's approval, it must fulfil these criteria: With numbers ranging from 0.050 to 0.059 as opposed to 0.60 to 0.69, this one is much lower than the norm. For middle school, a score in the 70–79 range is considered average. It is an extremely wide range that begins at 0.90 and ends at 1.00.

Table1: 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

As a result, statements about sampling may be established. Researcher used Bartlett's Test of Sphericity to ensure statistical significance of the correlation matrices. Kaiser-Meyer-Olkin statistics showed that the sample size was sufficient with a value of 0.978. The results of Bartlett's Sphericity test were negative ( $p < 0.00$ ). It is not an identity matrix if the correlation matrix gives a positive result in Bartlett's Sphericity test.

### ❖ INDEPENDENT VARIABLE

#### • DIGITAL TRANSFORMATION:

In digital transformation, businesses completely remodel their operations, value creation and stakeholder engagement by integrating digital technology into all facets of their business. Embracing new technology is only the beginning. An even

more profound shift in strategy and culture is required to promote innovation and ongoing development. Management styles, communication networks, decision-making processes and the overall engagement for both employees and customers are all impacted by digital transformation. This signifies the shift from traditional company models to ones that are more adaptable, data-driven and tech-enabled so they can keep up with the rapid changes occurring in the world. The main goal of digital transformation is to use new technology to enhance and optimise operations (Verhoef et al., 2021). Cloud computing, automation, artificial intelligence, big data analysis, and the Internet of Things are a few of these technologies. These technologies can be implemented for data-driven decision-making, business process automation and communication improvement. New technology and organisational culture may significantly impact digital transformation. Staff members must be adaptable, management must be dedicated and there must be continuous growth and a creative attitude. The cultures of businesses that thrive in the digital era usually emphasise collaboration and flexibility (Nadkarni & Prügl, 2021).

## ❖ MEDIATING VARIABLE

### • HUMAN RESOURCE MANAGEMENT (HRM):

The goal of HRM is to help businesses get a competitive edge by overseeing the people who work for them interactively. Among the various tasks that fall under this broad category are workforce preparation, recruiting, selection, development and training, performance management, compensation and employee relations. More than just a managerial task, HRM is a crucial component of organisational strategy that seeks to assist and engage employees while also bringing them into line with business objectives. Historically, the main administrative responsibilities of procedural HRM have been compliance, salary remittance, and hiring. However, because of digital transformation, HRM has become a more data-driven, employee-centric, and strategically oriented discipline in the current day. HRM's main objective is to increase productivity across the whole company. Plans are created to motivate employees and increase productivity (Azizi et al., 2021). Additionally, HRM assures that every employee will be treated fairly and with equal opportunity. In this approach, a company's objectives and employee needs could be more evenly matched. Strategic HRM is a crucial component of contemporary companies. It uses technology and data to make informed decisions. One of the main objectives of HRM professionals is to create a supportive work environment. They also ensure that all labour regulations and moral principles are adhered to the company principles (Cooke et al., 2020).

## ❖ DEPENDENT VARIABLE

### • EMPLOYEE ENGAGEMENT:

Employee engagement is a key component of organisational success in the modern digital age. This is happening at the same time that workers' work experiences are being redefined (Chanana & Sangeeta, 2021). Acquiring an unbiased comprehension of how digital transformation affects employee engagement is crucial in cross-cultural environments such as China and Malaysia, where there is a great deal of variation in cultural frameworks, workplace values, and technical readiness. For the obvious reason that it provides a wealth of information on how businesses might pique the interest of their workers in this age of ubiquitous digital technology. Their religious convictions also influence how participation is seen and carried out in China and Malaysia. An organisation may implement successful strategies to increase motivation, satisfaction, and performance in a range of cultural and technical settings with the use of a flexible but clear understanding of employee engagement (Othman & Mahmood, 2022).

### • RELATIONSHIP BETWEEN HRM AND EMPLOYEE ENGAGEMENT:

The impact of HRM on employees' perception about their roles, relationships and growth possibilities within the organisation is a significant contributor towards its ability to influence employee engagement. This is because HRM influences people's perceptions of their own future. The routine activities of HRM, such as training, employee communications, appraisals, and recruitment, are all changing significantly as a result of digital transformation. Employee engagement is influenced by HRM in numerous ways. The proper cultural fit is ensured through recruitment. Competence is achieved through training and development. Pleasure is caused by fair rewards and recognition. Growth opportunities as well as feedback are facilitated by performance management. Another factor that enhances engagement is supportive and communicating leadership. Prime examples of this are countries like China and Malaysia, where the economy is experiencing a high level of growth. While both China and Malaysia foster cooperation and loyalty, the approach taken by each country is expressive of its cultural values. For instance, the Malaysian HRM focuses on interpersonal care and flexibility more than the Chinese HRM focuses on structure and shared objectives. These cultural differences suggest that for effective facilitation of engagement, HRM practices must be aligned with the local customs and norms (Ng et al., 2024).

After examining the above discussion, the researcher arrived at the following hypothesis to examine the role of HRM and employee engagement.

- ***"H<sub>01</sub>: There is no significant relationship between HRM and employee engagement."***
- ***"H<sub>1</sub>: There is a significant relationship between HRM and employee engagement."***



**Table 2: H<sub>1</sub> ANOVA Test**

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	69984.680	273	256.354	177.408	.000
Within Groups	728.490	504	1.445		
Total	70713.170	777			

Several noteworthy discoveries have been made because of the examination. A 177.408 F-value is deemed statistically significant when the p-value is less than 0.05. This denotes that the “**H<sub>1</sub>: There is a significant relationship between HRM and employee engagement**” is accepted, and the null hypothesis is rejected.

## 9. DISCUSSION

According to the findings of the research, there appears to be a correlation that is both statistically significant and robust between employee engagement and human resource management techniques. According to the findings of the study, an improvement in the administration of human resources led to employees who were more engaged, driven, and trustworthy. There was an improvement in employee satisfaction and dedication as a result of fair recruiting methods, continued instruction, and opportunities to acknowledge great work. The results show that HRM has a big effect on how individuals feel about their work and the company as a whole. There was little doubt that human resource management and employee engagement were closely linked in both China and Malaysia, even though the two nations had quite different cultures. Malaysian HRM approaches improved engagement by focusing on employee welfare and teamwork. Leadership that emphasises relationships and offers assistance inspires employees to generate ideas and remain dedicated. Human resource management strategies that prioritise structure and performance objectives piqued the interest of Chinese employees. They felt obligated to conform to organisational standards and rally behind the team's successes because of this plan. According to the research, HRM digital transformation boosted engagement by making training, feedback, and information more accessible. Staff members who used digital tools reported feeling more in charge of their own education and productivity. The findings demonstrated that technological means are insufficient. Only by integrating technological resources with human support and cultural awareness can HRM increase engagement.

## 10. CONCLUSION

The study's conclusions supported previous studies on the relationship between employee engagement and HRM. It is shown that effective human resources practices positively impact employees' job satisfaction. Despite cultural differences, this relationship remained between China and Malaysia. Digital transformation was essential in the process of creating HR strategy. When HRM began using new digital technologies, employees showed more interest. Communication has become easier and more accessible with the emergence of digital platforms. They also improved workers' opportunities for contribution and advancement. In Malaysia, collaboration was encouraged by a more collectivist approach. However, hierarchical institutions in China had an impact on worker participation. Digital technology, however, helped to overcome these cultural obstacles. They created a space for individuals to congregate and exchange thoughts and critiques. The findings suggest that in order to boost engagement, companies should give digital HR solution integration top priority. It would have been impossible for employees to effectively use the new technology without adequate training and continuous support. Leaders should also endeavour to create an atmosphere that promotes the use of digital technology and open communication. Conclusively, the results of the research supported the notion that strategic HRM using digital technology significantly increased employee engagement.

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