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THE EFFECTIVENESS OF TEAM BUILDING AMONG EMPLOYEES IN SMALL AND MEDIUM ENTERPRISES IN MALAYSIA



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LU YUYING

SULTAN IDRIS EDUCATION UNIVERSITY

2023



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THE EFFECTIVENESS OF TEAM BUILDING AMONG EMPLOYEES IN
SMALL AND MEDIUM ENTERPRISES IN MALAYSIA

LU YUYING

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2023



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ABSTRACT

This study aimed to determine the effect of the group factor and use of technology on both organizational commitment and personal achievement, the effect of the group factor, use of technology, organizational commitment and personal achievement on the effectiveness of team building among employees in Small and Medium Enterprises (SMEs) in Malaysia, and the mediating effect of personal achievement and organizational commitment in the relationships between group factor and effectiveness of team building, and between use of technology and effectiveness of team building. The study adopted the quantitative approach. The purposive sampling method was employed. A total of 520 employees from selected SMEs in Malaysia were chosen as a sample. The online questionnaire was used as an instrument to gather the data. Structural Equation Modelling (SEM) was used to analyze the data. The findings showed that group factor (GF) and use of technology (UT) have a significant and positive effect on organizational commitment (OC) [$\beta_{GF} = 0.173$, $\beta_{UT} = 0.627$, $p < 0.05$, $R^2 = 0.381$], and personal achievement (PA) [$\beta_{GF} = 0.325$, $\beta_{UT} = 0.413$, $p < 0.05$, $R^2 = 0.555$]. The findings also revealed the significant positive effect of GF, UT, OC and PA on the effectiveness of team building (ETB) [$\beta_{GF} = 0.167$, $\beta_{UT} = 0.157$, $\beta_{OC} = 0.192$, $\beta_{PA} = 0.218$, $p < 0.05$, $R^2 = 0.602$]. In addition, the findings demonstrated the mediating effect of OC and PA in the relationship between GF and ETB, as well as the relationship between UT and ETB. In conclusion, to enhance the effectiveness of team building among employees in SMEs, the roles of group factors, use of technology, organizational commitment and personal achievement should be intensified. In implication, the findings provide fresh insights on the components that should be included in designing a better program to enhance the effectiveness of team building among the employees in the SMEs.





KEBERKESANAN PEMBINAAN PASUKAN DALAM KALANGAN PEKERJA DI PERUSAHAAN KECIL DAN SEDERHANA DI MALAYSIA

ABSTRAK

Kajian ini bertujuan menentukan pengaruh faktor kumpulan dan penggunaan teknologi ke atas komitmen organisasi dan pencapaian peribadi, pengaruh faktor kumpulan, penggunaan teknologi, komitmen organisasi dan pencapaian peribadi terhadap keberkesanan pembinaan pasukan dalam kalangan pekerja di Perusahaan Kecil dan Sederhana (PKS) di Malaysia, dan kesan pengantaraan pencapaian peribadi dan komitmen organisasi dalam hubungan di antara faktor kumpulan dan keberkesanan pembinaan pasukan, dan hubungan di antara penggunaan teknologi dan keberkesanan pembinaan pasukan. Kajian ini menggunakan pendekatan kuantitatif. Kaedah persampelan bertujuan telah digunakan. Seramai 520 orang pekerja daripada PKS terpilih di Malaysia dipilih sebagai sampel. Soal selidik dalam talian digunakan sebagai instrumen untuk mengumpul data. Permodelan Persamaan Struktural (SEM) telah digunakan untuk menganalisis data. Dapatan kajian menunjukkan bahawa faktor kumpulan (GF) dan penggunaan teknologi (UT) mempunyai pengaruh yang signifikan dan positif terhadap komitmen organisasi (OC) [$\beta_{GF}=0.173$, $\beta_{UT}=0.627$, $p<0.05$, $R^2=0.381$], dan pencapaian peribadi (PA) [$\beta_{GF}=0.325$, $\beta_{UT}=0.413$, $p<0.05$, $R^2=0.555$]. Dapatan juga mendedahkan kesan yang signifikan dan positif GF, UT, OC dan PA ke atas keberkesanan pembinaan pasukan (ETB) [$\beta_{GF}=0.167$, $\beta_{UT}=0.157$, $\beta_{OC}=0.192$, $\beta_{PA}=0.218$, $p<0.05$, $R^2=0.602$]. Di samping itu, dapatan menunjukkan kesan pengantaraan OC dan PA yang signifikan dalam hubungan antara GF dan ETB, serta hubungan antara UT dan ETB. Kesimpulannya, untuk meningkatkan keberkesanan pembinaan pasukan dalam kalangan pekerja di PKS, peranan faktor kumpulan, penggunaan teknologi, komitmen organisasi dan pencapaian peribadi perlu diperhebatkan. Implikasinya, dapatan ini memberi perspektif baharu mengenai komponen yang perlu dimasukkan dalam mereka bentuk program yang lebih baik bagi meningkatkan keberkesanan pembinaan pasukan dalam kalangan pekerja di PKS.



TABLE OF CONTENTS

	Page
DECLARATION OF ORIGINAL WORK	ii
DECLARATION OF THESIS	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
ABSTRAK	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	xiii
LIST OF FIGURES	xvi
LIST OF ABBREVIATIONS	xvii
APPENDIX LIST	xviii
CHAPTER 1 INTRODUCTION	
1.1 Introduction	1
1.2 Research Background	2
1.3 Problem Statement	18
1.4 Objectives of Study	28
1.5 Research Questions	30
1.6 Research Hypothesis	32
1.7 Theoretical Framework	33
1.8 Conceptual Framework	36
1.9 Operational Definition	37

1.10	Importance of Research	41
1.11	Research Structure	43
1.12	Summary	43

CHAPTER 2 LITERATURE REVIEW

2.1	Introduction	45
2.2	Team Building	46
2.3	Effectiveness of Team Building	53
2.3.1	Definition of Effectiveness of Team Building	54
2.3.2	Theories on Effectiveness of Team Building	55
2.3.3	Proposed Framework and Conceptual Overview	62
2.4	Hypothesis Development	64
2.4.1	The Effect of Group Factor on Organizational Commitment, Personal Achievement and the Effectiveness of Team Building	64
2.4.2	The Effect of the Use of Technology on Organizational Commitment, Personal Achievement and the Effectiveness of Team Building	92
2.4.3	The Direct and Indirect Effect of Organizational Commitment	117
2.4.4	The Direct and Indirect Effect of Personal Achievement	132
2.5	Summary	142

CHAPTER 3 METHODOLOGY

3.1	Introduction	143
3.2	Research Design	144



3.2.1	Philosophical Position	144
3.2.2	Research Approach	146
3.2.3	Research Strategy, Choice and Time Horizon	147
3.2.4	Data Collection Technique	150
3.3	Research Setting and Scope	151
3.4	Population and Sampling	153
3.4.1	Population	153
3.4.2	Sample and Sampling	153
3.5	Measurement Items	157
3.6	Research Instruments	165
3.7	Translation	167
3.8	Pilot Study	169
3.8.1	Pilot Testing with Experts	170
3.8.2	Pilot Testing with Potential Respondents	173
3.9	Data Collection Procedures	199
3.10	Data Analysis	204
3.10.1	Preliminary Analysis	207
3.10.2	Validation of the Measurement Model	209
3.10.3	Hypotheses Testing	211
3.11	Summary	217



CHAPTER 4 ANALYSIS AND FINDINGS

4.1 Introduction	219
4.2 Preliminary Analysis	220
4.2.1 Data Coding and Editing	220
4.2.2 Treatment of Missing Data	220
4.2.3 Assessment of SEM Assumptions	223
4.2.4 Assessment of Common Method Bias	229
4.3 Response Rate	231
4.4 Sample Characteristics	232
4.5 Validation of the Measurement Model	233
4.5.1 Assessment of the Model Fit	233
4.5.2 Assessment of the Reliability and Validity	242
4.5.3 Review of the Measurement Model Validation	243
4.6 Hypotheses Testing	244
4.6.1 Analysis of the Direct Effects	244
4.6.2 Analysis of the Mediating Effects	247
4.6.3 Review of the Hypotheses Testing	250
4.7 Summary	252

CHAPTER 5 DISCUSSION, RECOMMENDATION AND CONCLUSION

5.1 Introduction	254
5.2 Discussion of Results	255

5.2.1	What is the effect of group factor on Organizational commitment?	257
5.2.2	What is the effect of the use of technology on organizational commitment?	261
5.2.3	What is the effect of group factor on personal achievement?	265
5.2.4	What is the effect of the use of technology on personal achievement?	267
5.2.5	What is the effect of group factor on the Effectiveness of team building?	271
5.2.6	What is the effect of the use of technology on the effectiveness of team building?	274
5.2.7	What is the effect of organisational commitment on the effectiveness of team building?	277
5.2.8	What is the effect of personal achievement on the effectiveness of team building?	281
5.2.9	Does organisational commitment mediate the relationship between group factor and the effectiveness of team building?	284
5.2.10	Does organisational commitment mediate the relationship between the use of technology and the effectiveness of team building?	288
5.2.11	Does personal achievement mediate the Relationship between group factors and the effectiveness of team building?	291
5.2.12	Does personal achievement mediate the Relationship between the use of technology and the effectiveness of team building?	293
5.3	Implications	297
5.3.1	Theoretical Implications	297

5.3.2	Managerial Implications	300
5.4	Limitations and Directions for Future Research	302
5.5	Conclusion	305
REFERENCES		311
APPENDIX		376



LIST OF TABLES

Table No.		Page
1.1	The Definition of SMEs in Malaysia	2
1.2	Contribution of SMEs to overall GDP by economic Sector (%)	3
1.3	The Employment Contribution of SMEs for 2016-2019 (%)	5
3.1	Sample Allocation	156
3.2	Initial Measurement Items for Group Factor	157
3.3	Initial Measurement Items for Use of Technology	159
3.4	Initial Measurement Items for Organizational Commitment	160
3.5	Initial Measurement Items for Personal Achievement	161
3.6	Initial Measurement Items for Effectiveness of Team Building	163
3.7	Summary of Initial Measurement Items for Each Construct and Sources in section A	166
3.8	Questions in Section B	167
3.9	Questionnaire Redesign in Section A Based on Experts' Feedback	171
3.10	Summary of Number of Remaining Items in Section A	173
3.11	Results of Normality Analysis for Pilot Test	176
3.12	Cut-off Values used in the Current Exploratory Factor Analysis	178
3.13	Exploratory Factor Analysis of Group Factor (GF)	179
3.14	Exploratory Factor Analysis of Group Factor (GF-Second re-specification)	180
3.15	Exploratory Factor Analysis of Group Factor (GF-third re-specification)	181
3.16	Exploratory Factor Analysis of Use of Technology (UT)	183





3.17	Exploratory Factor Analysis of Use of Technology (UT re-specification)	184
3.18	Exploratory Factor Organization Commitment (OC)	185
3.19	Exploratory Factor Organization Commitment (OC re-specification)	186
3.20	Exploratory Factor Organization Commitment (OC-second re-specification)	187
3.21	Exploratory Factor Personal Achievement (PA)	188
3.22	Exploratory Factor Personal Achievement (PA - re-specification)	190
3.23	Exploratory Factor Effectiveness of Team Building (ETB)	191
3.24	Exploratory Factor Effectiveness of Team Building (ETB-re-specification)	192
3.25	Results of Reliability Analysis for Pilot Test	193
3.26	Summary of EFA and Reliability Analysis Results	194
3.27	Summary of Final Measures	197
3.28	Data Collection Procedure	203
3.29	Summary of the Proposed Hypotheses Related to Direct Effects	212
3.30	Summary of the Proposed Hypotheses Related to Mediating Effects	213
3.31	Summary of Data Analysis Techniques Employed	213
4.1	Analysis of Missing Data	222
4.2	Assessment of Normality	224
4.3	Analysis of Multivariate Outliers	225
4.4	Assessment of Normality (After Outliers Deletion)	227
4.5	Standardized Factor Loading and Correlation among Construct	228
4.6	EFA Result for Harman's Single-factor Test	230
4.7	Comparison of the Model Fit Indices	231



4.8	Response Rate	231
4.9	Respondents' Profile	232
4.10	Goodness-of-fit (GOF) Indices	234
4.11	Standardized Regression Weights (Factor Loading)	235
4.12	Standardized Regression Weights (Factor Loading-after item deletion)	236
4.13	Goodness-of-fit (GOF) Indices (After deleted items: GF1, GF3, UT1)	237
4.14	Modification Indices	239
4.15	Initial Goodness-of-fit (GOF) Indices	239
4.16	Modification Indices (After correlation)	240
4.17	Overall Reliability and Validity of the Constructs	243
4.18	Goodness-of-fit (GOF) Indices	245
4.19	Summary of the Hypotheses Testing Related to Direct Effects	247
4.20	Results of Indirect Effects	249
4.21	Summary of the Hypotheses Testing Related to Mediating Effects	250
4.22	Results of Hypothesis Testing	251

LIST OF FIGURES

No. Figure	Page
1.1. Model of Team Effectiveness	36
1.2. Conceptual Framework	37
3.1. Deductive Approach	146
4.1. Modified Measurement Model	241

LIST OF ABBREVIATIONS

AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CR	Construct Reliability
EFA	Exploratory Factor Analysis
ETB	Effectiveness of Team Building
GF	Group Factor
GDP	Gross Domestic Product
GOF	Goodness-of-Fit
MSV	Maximum Shared Variance
OC	Organizational Commitment
PA	Personal Achievement
RMSEA	Root Mean Square Error of Approximation
SEM	Structural Equation Modelling
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Science
SRMR	Standardized Root Mean Square Residual
UT	Use of Technology

APPENDIX LIST

- A Respondents' Profile Pilot)(Study
- B Final Questionnaire
- C Curve Estimation
- D Scatterplots
- E Assessment of Common Method Bias
- F Standardized Residual Covariance Matrix
- G Structural Model (Direct Effects)
- H Structural Model with Organizational Commitment (OC) as Mediator
- I Structural Model with Personal Achievement (PA) as Mediator

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides a brief explanation of the research. It comprises twelve sections. Following the introduction, section 1.2 provides a general background of the research. Section 1.3 describes the problem statement. Further, section 1.4, section 1.5 and section 1.6 outline the research objectives, research questions and research hypothesis respectively. Section 1.7 describes the theoretical framework, while section 1.8 explains the conceptual framework. Section 1.9 defines important items and the constructs used in this research. Section 1.10 highlights the importance of this

research. Finally, section 1.11 gives the overall structure of this research while section 1.12 provides a summary of this chapter.

1.2 Research Background

The definition of Small and Medium Enterprises (SMEs) is neither unique nor universally accepted, it varies because SMEs are related to the country's economic performance, the involved sectors and states. Based on the Malaysia SMEs Annual Report 2019/20, the new definition of SMEs is based on the existing qualifying criteria (Department of Statistics, Malaysia, 2020). These criteria include sales turnover and employment stability, in which the threshold increases over time. The SMEs in the manufacturing sector are perceived as enterprises with a maximum of RM50 million in sales turnover or 200 full-time employees. Meanwhile, in the services and other sectors, SMEs are defined as enterprises with a maximum of RM 20 million in sales turnover or 75 full-time employees (Table 1.1).

Table 1.1

The Definition of SMEs in Malaysia

	The manufacturing sector	The services and other sectors
Sales turnover	Maximum RM 50 million	Maximum RM 20 million
Full-time employees	Maximum 200	Maximum 75

Source: Department of Statistics, Malaysia (2019/20).

SMEs are crucial participants in the global market (Berisha & Pula, 2015). In the world of the economic environment, 90% of the companies are SMEs, and 63% of the employees work in SMEs (Surya, et al., 2021). In Malaysia, SMEs contribute to more than 30% of the overall GDP between 2010 and 2019 (SME Corp, 2019). Notably, the importance of SMEs to the Malaysian economy cannot be ignored. Hence, to establish the economy's healthy development, it is vital to develop SMEs in Malaysia.

The number of existing SMEs in Malaysia is 920624 (SME Corp, 2019). These SMEs scatter across various industries, such as the service industry, construction industry, manufacturing industry, mining, and quarrying industry. Based on Malaysia's Department of Statistics, SMEs make up more than one-third of Malaysia's GDP. Notably, they significantly contribute to the development of Malaysia's economy. Table 1.2 shows the contribution of SMEs to overall GDP by economic sector between 2012 and 2019.

Table 1.2

Contribution of SMEs to overall GDP by economic Sector (%)

	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture	4.1	4.0	4.5	4.3	4.1	4.1	3.9	4.0
Mining & Quarrying	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Manufacturing	7.4	7.5	7.8	7.9	7.9	8.0	7.7	7.9
Construction	1.0	1.1	2.0	2.1	2.1	2.2	2.3	2.2
Services	20.1	20.5	21.1	21.4	21.8	22.1	23.9	24.3



	2012	2013	2014	2015	2016	2017	2018	2019
Plus: important duties	0.3	0.3	0.4	0.5	0.5	0.5	0.3	0.3
% SME GDP to Overall GDP	33.0	33.5	35.9	36.3	36.6	37.1	38.3	38.9

Source: Department of Statistics Malaysia (2020).

By 2019, the contribution of SMEs to overall GDP reached 38.9%. In other words, the development of Malaysia's economy is heavily dependent on the development of SMEs. Hence, it is imperative to ensure the healthy growth and competitive advantage of SMEs.

Additionally, SMEs significantly contribute to Malaysia's employment rate.

According to the Department of Statistics Malaysia (2020), SMEs made more than 50% of their contribution to Malaysia's employment rate. In essence, they can potentially alleviate more than half of the employment issues concerning the Malaysian employee population. Table 1.3 presents an increasing trend for the employment contribution of SMEs between 2016 and 2019. In 2019, the employment contribution of SMEs in Malaysia was 68.2%. This emphasizes that SMEs help Malaysia solved the employment problem.



Table 1.3*The Employment Contribution of SMEs for 2016-2019 (%)*

Year	The Employment Contribution of SMEs (%)
2016	65.3
2017	66.0
2018	66.2
2019	68.2

Source: Department of Statistics Malaysia (2020)

The coronavirus disease-2019 (COVID-19) outbreak grew rapidly in 2020, affecting the health, social, economic, and business sectors as well as the entire life cycle. To control the spread of this pandemic, the global government should admire steps are taken to decrease the spread of COVID-19, including restricting international and domestic flights and other transportation methods, closing schools and businesses temporarily, canceling public events as well as limiting the movement of people. All of these implied strategies bring challenges to SMEs and influence not only the daily operation but also the long-term development of SMEs (Warsame, 2020).

Furthermore, the outbreak of COVID-19 has severely affected national and global economies. Various enterprises are facing different issues with a certain degree of loss. Particularly, SMEs are facing a variety of problems such as a decrease in demand, supply chain disruptions, cancellation of export orders, raw material shortage, and transportation disruptions. Nevertheless, it is quite clear that SMEs around the



globe are experiencing the significant negative impact of the COVID-19 outbreak on their businesses (Asgary et al., 2020).

SMEs are significant victims of the COVID-19 outbreak (Shafi, et al., 2020). In comparison to large enterprises, SMEs do not have sufficient managerial and financial resources in stock for long-term development and do not have prepared for these disruptions (Bartik et al., 2020). Additionally, these SMEs are highly dependent on their routine business transactions and a small number of customers (Williams & Schaefer, 2013). Hence, many SMEs are running out of stock, some hardly continue to operate, and some will be running out of stock soon SMEs suffer a lot from COVID-19 throughout the world.



COVID-19 has a profound effect on the commercial operations of SMEs globally. While strong government policies and reactions are important to combat the disease, the majority of SMEs face unfavorable consequences in the short or long term. Major issues faced by SMEs include cash flow challenges, layoffs, business closures and weakened organizations' capability for future development (Craven et al., 2020; Smith-Bingham & Hariharan, 2020).

Changes in SMEs' strategies, operations as well as demands to find new sources of revenue and development prospects are recognized as critical survival problems for most SMEs (Cassia & Minola, 2012; Svatoova, 2017; Syed, 2019).





Nevertheless, the negative impacts of COVID-19 on SMEs might vary in accordance to the types of business activity, size and resources owned (Alves et al., 2020).

In Malaysia, the threat of COVID-19 became increasingly apparent on February 15, 2020 (Hashim et al., 2021). Malaysia began using Movement Control Order (MCO) in March 2020. The shutdown has resulted in a decline in house hunters and a temporary halt to asset listings. Apart from that, procedures such as record keeping and progress loans had to be simplified because financial institutions reduced their operational activity during the MCO (Foo, 2020). Additionally, developers' and construction businesses' ability to meet deadlines is under doubt, since supply chain management has been affected. Bank Negara Malaysia (BNM), Malaysia's central bank, claimed that the COVID-19 epidemic will have a negative influence on Malaysia's financial development and has significantly brought the whole world to a standstill (Shah et al., 2020).

Most SMEs are forced to close their business in Malaysia, although some of them can use the work from the home system to obtain the normal operation of the business, most of the SMEs in Malaysia are highly dependent on walk-in customers, and physical operation, the MCO affects the development of SMEs negatively (Ratnasingam et al., 2020; Omar et al., 2020). As a result, the Malaysian economy was shocked due to the unhealthy development of SMEs in Malaysia.





Additionally, in Malaysia, according to the statistics of Bank Negara Malaysia (BNM), financial risks faced by SMEs are already obvious in the third and fourth quarters of 2019, with an average debt-to-equity ratio of 25% and a profit margin of only 5.7 % (BNM, 2020). Thus, the influence of scenarios with acute shocks on company stability is inescapable. According to an online survey of 15,627 Malaysian SMEs, the majority of SMEs are cash-strapped and anticipate having no cash inflow for at least three months following MCO due to different commitments such as employee salaries, renting, and other statutory payments (Islam & Wahab, 2020). Around 33.3 % of SMEs are only able to sustain cash flow through March, while 37.8 % are only able to sustain cash flow through April (Lasuin & Omar, 2020).



Overall, it is crucial to ensure SMEs' healthy development in Malaysia to improve Malaysian economic performance. To ensure competitiveness in the global market, SMEs must catch up with the business global trends. In the business environment, teamwork is encouraged to maximize the production of the organization. The employees in SMEs are also encouraged to work more collaboratively to deal with globalization. Cross et al. (2016) stated that collaboration becomes a new trend in the workplace. In other words, both the managers and employees recognize that their time on team-related projects significantly increased (no less than 50%).

More than a half-century ago, Elton Mayo formally recognized the significant impact of teams on an organization's effectiveness (Zoltan & Vancea 2015). In the





organizational environment, deploying teams has become a frequent trend (Sanyal & Hisam, 2018). Furthermore, it has been found that effective teamwork can produce more outcomes than the sum of individual members' contributions (Stagl et al., 2006). Moreover, several factors may contribute to an effective team, including team building, which is a significant method to build positive organizational relations and efficiency of organizations (Sulaiman et al., 2012).

Notably, SMEs in Malaysia are beginning to invest and seek support from team building to gain competitive advantages in the global market (Muhammad et al., 2010; Fung, 2015). The successful development of SMEs in Malaysia is dependent on team building (Kaliannan et al., 2016); thus, it is imperative to investigate team building among employees in SMEs in Malaysia, which is a critical objective in this study.

There are varying definitions for team building; Aronu and Bilesanmi (2013) defined team building as an intervention applied in the work unit to deal with conditions, which potentially require improvements. Meanwhile, Fapohunda (2013) characterized team building as a collective program including various activities to enhance social relations with the collaborative task. Additionally, Orok (2014) stated that team building is the process of helping a workgroup become more effective in accomplishing the task and satisfying the group member's needs. Galan and Scintee (2002) defined team building as a process by which team members can find a suitable



way to work together and adjust the plan to improve the team's effectiveness. Team building is treated as a tool to strengthen the performance of the group.

Team building comprises daily interaction that employees engage in to meet the demands of their job when working together, building team spirit, team consolidation, or team synergy (Aronu & Bilesanmi, 2013). Additionally, in team building among employees some structured activities can be adopted (Babiker et al., 2014). Essentially, team building programs are valuable for facilitating learning goals in a training program and encouraging cooperation in an organization (Lunenborg, 2015).

Furthermore, team building is also seen as an effective way of increasing the camaraderie between individuals. For instance, various companies use team building to get employees closer, especially for companies with more than 100 employees (Ezziane, et al., 2012). In these companies, it can become challenging for the employees to interact with each other in a relaxed manner regularly. Hence, team building becomes crucial, in which individuals can develop their skills, get to know each other and help improve the relationships between them.

Numerous positive aspects of team building are well understood in the literature. Team building is a valuable transformation tool that will turn conflict into cooperation, sterility into creativity, and self-centered into team-oriented individuals

(Fapohunda, 2013). Bishop et al. (2014) summarized that an effective strategy to create the spirit of cooperation among employees or between sections is team building, which is an effective tool for group work. Hence, companies must focus exclusively on methods that improve their team effectiveness (Wilson et al., 2018).

By perceiving team building as an effective way to improve organizations' performance, researchers are paying more attention to the concept of team building. This idea can be implemented to stimulate the effectiveness of working teams in the business context and business executives (Sairam, et al., 2017).

As a result of globalization, team building is becoming increasingly important, with its main objective to improve work efficiency and productivity (Babiker, et al., 2014). Moreover, Fapohunda (2013) emphasized that team building can help to improve the creativity and productivity of the team members. Furthermore, team building aims to achieve better operating policies and processes, and motivate team members to achieve objectives. Team building works to achieve clear work goals and a climate of cooperation as well as collaborative problem-solving ability (Beauchamp et al., 2017; Yi, 2016; Pollac & Matous, 2019).

Additionally, team building boosts a higher level of confidence and understanding among participants. Thus, team building fosters higher levels of job satisfaction and organizational commitment. A wide range of activities is involved in



team building, and designed to improve team performance, which aims to achieve self-development, positive communication, leadership skills, and the ability to work closely together to solve problems as a team. Team building is an essential tool in the current business climate as organizations look for team-based structures to improve their productivity, profitability, and quality of service (Sanyal & Hisam, 2018).

Managers and other members of an organization universally explore ways to enhance business outcomes and profitability. Notably, team-based enhancement efforts aim to improve outcomes for the organization (McEwan et al., 2017). Therefore, team-based, horizontal structures are viewed as the best design to involve all employees in creating business success. A wide range of activities presented to organizations and improved team performance are involved in team building. Essentially, a team-based structure gives a job design philosophy that treats staff as members of interdependent teams rather than as individual workers (Sikorski et al., 2011).

Team building is a crucial factor for teams to accomplish goals in the workplace, specializing in bringing out the best in a team (Fapohunda, 2013). In a conventional work environment, personal goals are frequently targeted (Wilson et al., 2018). These targets are achieved via rewards and recognitions, which highlight the achievements of individual employees. In other words, employees can be united around a common goal to generate greater productivity with good team building.





There are three primary reasons for the intense focus on team building in the literature. Firstly, team building is one of the most commonly used tools to manage group development interventions in an organization. The prime aspect of their usage is that there is no accurate performance measurement system that can reveal their effectiveness. Secondly, companies are always looking to improve their teamwork, in which team building efforts must be their primary focus. Thirdly, the team building process is complex that involves different elements. In a study by Roijen et al. (2017), it was found that a high-performance team can be obtained through team building.

Furthermore, team building programs have been extensively used in training (Omollo & Oloko, 2015; Lacerenza et al., 2018). Team building can be applied when a task or project requires multiple skills (Moreland et al., 2018). Additionally, the use of team building extends to the situation in which the organizations want to use the diversity of employees but minimize the conflicts to produce as many benefits as they can (Vaiman et al., 2011). Given these complex requirements, it is no surprise that ensuring the effectiveness of team building within the real-world setting is a challenge for the employees and the human resource department.

There are varying guidelines available to ensure the effectiveness of team building (Mealiea & Baltazar, 2008; Fapohunda, 2013; Bishop, et al., 2014). However, many of these guidelines are mitigated by the employee's internal factors, including





cultural aspects. Notably, organizational culture is a critical part of determining the effectiveness of team building (McEwan, et al., 2017).

Essentially, the culture regulates relationships between the team members, which stand as impacts on the activities that require teamwork between the parties (Villado & Arthur, 2013). Maruping & Magni (2015) found that structured activities may be adopted to improve the effectiveness of team building. However, it is challenging for managers in an organization to ensure its effectiveness.

Furthermore, issues arose regarding the practice of team building (Dyer, 2015; Idros et al., 2012; Ammeter & Dukerich, 2015; Ghazinejad & Zidane, 2018). Team buildings are not often as effective as perceived, and in some cases, it may cause various issues due to multiple reasons. These issues may arise from inadequate trust, communication barriers, and cultural barriers (Burner & Spink, 2010). Notably, team building results significantly varied due to the differences in situations and designs of the practice (Lacerenza, 2018; McEwan, 2017).

Conflicts will occur among the team members due to the improper way of executing the team building practice (Babiker, et al., 2014; Dyer, 2015). Consequently, there will be a spread of opposing team spirit among the members because of the wrong approach. Notably, some of the outdoor activities of team building may lead to accidents threatening the employees' safety if the team building activities are not





designed and organized properly (Kenny, 2010). Ultimately, the failure in employing proper team building efforts negatively influences the participants and the organizers.

Some organizations prioritize indoor activities for the participants to avoid accidents during outdoor activities of team building. Meanwhile, other organizations outsource professional organizations to help them operate their team building programs. In essence, utilizing professional organizations for team building is preferable for companies with little team building experience. This idea may increase the team building program's investment. Besides that, the participant may lose their sense of belonging (Dyer, 2015). Nevertheless, avoiding outdoor team building activities may prevent potential adversities to a certain extent; however, this cannot improve the effectiveness of team building (Sairam, et al., 2017; Schermerhorn, 2015).

The effectiveness of team building can be measured at two levels: the individual and group levels (Fapohunda, 2013). At the individual level, it is essential to value the willingness to cooperate with other team members and the readiness to make contributions to the team. Additionally, for team members, it is critical to get personal improvement through team building (Lacerenza et al., 2018). At the group level, the significant achievement of team building is seen as task accomplishment (Aga et al., 2016). Moreover, effective team building may equip the team to face the new situation (Salas et al., 2015). Effective team building may also improve the



team's project accomplishment, preparedness to share, and cooperativeness (Keith et al., 2021).

The effectiveness of team building should be measured based on the ability to solve specific problems, manage conflicts, reduce friction, and overcome negative working environments in the team (Dyer, 2015). Each of the team building components is based on theories that have been supported experimentally. Hence, organizations should clarify their respective teams' needs to identify the most appropriate team building features. Notably, Lacerenza et al. (2018) suggested that setting objectives improves performance through specific mechanisms. Therefore, goals set at the team level would be relevant to all team members and concentrate on their results.

A similar finding with real-world teams shows that team building can reduce confusion, facilitate backup behavior, and produce more effective results (McEwan, 2017). Dyer (2015) suggested that team building improved team efficiency because it provided the framework for teams to work together, pool individual resources, and tackled key team issues. Furthermore, Shuffler et al. (2011) added that team building developed and improved the decision-making skills of team members.

Trainers are plunging into facilitating team building programs, though they often face difficulties regarding their implementation (Dyer, 2015). For instance, they



frequently select and implement activities that they had personally experienced or read. However, these activities were executed without sufficient consideration of the activity's objective and its impact on the team members (Odea et al., 2014). Thus, the significant concern is the need for trainers to possess fundamental knowledge of how learning takes place and the factors that will influence the effectiveness of team building.

Another challenge that the team may face to conduct team building is the lack of professional guidelines. Fapohunda (2013) stated that team building is seen as the learning process; however, it is difficult to summarize the individuals' learning capacity and identify the factors that drive and influence their learning. Billig (2014) proposed a living space construct that serves as a valuable tool to understand the dynamics affecting a person's learning in a specific psychological environment. In his framework, the boundary of the person, psychological climate, and edge of living space are the factors that will influence the result of learning. Given these points, facilitators face varying degrees of challenges to imply and organize successful team building (Dyer, 2015).

The workplace in Malaysia is very complex as Malaysia is a multi-racial society. The Employees in the SMEs in Malaysia may contain more than three races of people, and for different races, the cultures and customs are different. Thus, conducting team building is necessary for SMEs. Besides that, the special





characteristics of the Malaysian workplace made obstacles to conducting effective team building.

Consequently, to improve the competitive advantages of SMEs, organizations must obtain the ability to improve team productivity. The concept of team building is required to enhance teams' performance, and thus, it is necessary and urgent to apply team building effectively. Since the effectiveness of team building is related to a large number of elements and complex environments, SMEs in Malaysia must have a clear and standard guide for applying effective team building. Thus, insight into the decisive factors should be explored to ensure the effectiveness of team building for SMEs in Malaysia. Given these points, it is imperative to conduct an empirical study on the effectiveness of team building among employees in SMEs in Malaysia.

1.3 Problem Statement

The need for teamwork has spread rapidly arising from the belief that the development of strong and effective production and managerial teams will lead to higher performance, increased job satisfaction and profitability (Ozigbo et al., 2020). Despite the perceived potential of team building, very little research has been taken in



the developing world to establish the effectiveness of team building as a performance strategy, especially in SMEs (Potnuru et al., 2018).

Malaysian SMEs are trying to enhance appropriate teamwork practices to improve project performance and leverage project success (Yap et al., 2020). The problem is that organizational leaders are tempted to set goals based on reducing costs and increasing profit margins in keeping with the market trends (Ward, 2016). Such goals impose undue pressure on employees to meet profitability targets which unfortunately is used as a performance gauge. From a different perspective, there is little Malaysian SMEs documented evidence that team building is a viable strategy for individual-based work focus (Tan et al., 2019).

In Malaysian SMEs, the major risk of team building is that a team member may become cynical of the organization (Fung & Cheng, 2015). Team building events must be complemented with meaningful workplace practice. Where team members do not see an improvement within an organization associated with team building events, they may view such events as a waste of time and this may consequently result in a loss of trust in the organization, harm motivation, and decrease employee morale and production (Fapohunda, 2013; Ozigbo et al., 2020).

Although various activities are applied in Malaysian SMEs, the effectiveness of team building among Malaysian SMEs cannot be ensured (Selvadurai & Dasgupta, 2016). Some of the team building may even make negative effects on teams. Such as



dissatisfaction of the employees, and conflicts among the employees and some of them may even lead to accidents (Fung & Cheng, 2015). Although Malaysian SMEs value the significance of team building in enhancing team performance and invest both financial and non-financial resources in that. Compared with large size enterprises which have rich resources on both financial and non-financial resources, the resources of Malaysian SMEs can be invested in team building is limited (Chong et al., 2020; Dewarajan & Sammani, 2021), therefore, it is critical to maximize the effectiveness of team building among employees in Malaysian SMEs.

Realizing the complexity of ensuring the effectiveness of team building, McEwan et al. (2017) analyzed the factors affecting its efficacy. Currently, there is increasing complexity in the workforce due to the development of technology. In this context, previous studies ignored several critical factors that potentially help build up an accurate and comprehensive understanding of the factors affecting team building. Nevertheless, few studies considered the effects of group factors and the utilization of technologies on team building's efficacy (Dawdy et al., 2022).

Several studies found that the working environment factors would influence the effectiveness of team building. For instance, the factors include the degree of team member participation in the decision-making process, the team's size, and the supervisor's support (McEwan et al., 2017). Furthermore, previous research described that the leadership, types of activities, the team's openness, physical condition, and



team size might influence the effectiveness of team building (Fung, 2018; Wolemonwu, 2021). George and Jones (2012) noted that the major components that will affect the effectiveness of team building are the environment, learners and facilitators. Additionally, Dyer (2015) stated that although participants are essential factors that reflect the effectiveness of team building, external elements cannot be ignored. According to Fung (2016), team building seems to be a bridge that will lead to the high effectiveness of both team performance and individual outcomes.

Based on previous studies, it was found that there is inadequate consideration of the factors that influence the effectiveness of team building in a broader domain (Thanh & Doan, 2015). Furthermore, when considering the factors that may influence the effectiveness of team building, it is crucial not to limit internal factors such as team size and leadership (Bjornberg, 2014). Furthermore, new technologies will play a significant role in team building's efficacy with developing technologies, which has been ignored by most of the previous studies on the effectiveness of team building.

With the recent Coronavirus disease 2019 (COVID-19) outbreak, people are encouraged to work from home and keep a social distance; thus, impacting team building and giving rise to the significance of technology in team building (Kaushik & Guleria, 2020; Chanana, 2021). Although previous studies analyzed the technology factors that influenced the effectiveness of team building, there was an insufficient analysis of the latest team building technologies. In Malaysia, most SMEs are



applying digital transformation in all aspects (Fachrunnisa et al., 2020). There is no expectation of team building. However, limited studies have been done to investigate the role of the use of technology in team building in SMEs in Malaysia. Hence, the present research was conducted to fill the research gap related to the variables affecting the effectiveness of team building. Moreover, the factors in different aspects were considered, such as group factor and technology utilization. There are various practices in team building in Malaysia, though insufficient studies specialised in team building methods.

Furthermore, most studies on factors affecting team building effectiveness were conducted in specific industries, such as nursing, mining, and sports, subject to a limited area (Labrague et al., 2018; Havaei et al., 2019; Hastings et al., 2018; Dohme et al., 2020). However, few studies have considered all industries, albeit having specialized features for different industries.

Additionally, the common industries that were analyzed comprised traditional industries, in which teamwork was treated as a fundamental requirement. For instance, the common industries used to conduct research include nursing, mining, healthcare, and sports (Craig, 2015; Cane, 2014). These industries urgently need to develop effective team building to ensure productivity and a safe working environment.





Various companies recognised team building as a defined role in a successful operation, primarily due to fierce competition (Marasi, 2019). Unlike the nursing and mining industries, the SMEs were significantly more concerned about the cost and benefits. In other words, the financial return of investment on team building was considered a significant factor for SMEs in during team building (George & Jones, 2012); hence, SMEs must understand the importance of effective team building. Furthermore, minimizing investments while maximizing benefits in SMEs has become a critical topic in the related research field.

There is insufficient research conducted in the SMEs covering different industries. Besides that, there is also a lack of research focusing on analyzing the topic in Malaysia. Studies have investigated the use of team building in Malaysia. However, most studies were only concerned about the benefits instead of its effectiveness (Fung, 2015). Moreover, the effectiveness of team building literature was generally silent on how team building was influenced by technology in a multi-racial and multicultural Malaysia setting.

Nevertheless, Ahmad and Omar (2014) studied the factors contributing to the effectiveness of team building. However, the study only comprised faculty members from four Malaysian research universities as their respondents. Similarly, Idros et al. (2012) evaluated the impact of team building activities on faculty organizational culture. The research identified how team building activities could help universities



develop a sustainable organizational culture in academia. Finally, the author suggested a more intentional effort to provide time and space for spiritual reflection and learning about the course activities' meaning.

In another study, Aripin et al. (2013) investigated how a virtual team can be developed to be effective in Malaysia. It was found that team relationships and communication technologies are the two factors that affect the effectiveness of a virtual team. Furthermore, Fung (2014) emphasized that team trust, cohesion, and satisfaction positively influence Malaysia's project team's energy. Similarly, the effectiveness of team building was observed in the Malaysian service sector (Monhanty & Mohanty, 2018), and found that communication and group dynamics affected teamwork effectiveness.

Essentially, an effective team would influence employee performance (Salman & Hassan, 2016), while several studies in Malaysia related to team building effectiveness often focused on several industries, such as the hotel and education industry. In a study concerning the Malaysian hotel industry, Yusuf and Anuar (2014) asserted that conflict handling would affect team building activities. On a similar note, Ghafar and Ibrahim (2018) emphasized culture as a significant factor that may affect Malaysia's team's productivity, seeing that the country has unique characteristics in its cultural aspect.



Another study investigated the effectiveness of team building by scholars from a local university Universiti Kebangsaan Malaysia (UKM) (Idros et al., 2012). In this study, three primary factors were associated with the effectiveness of team building, namely oriented rules, relationship-oriented roles, and self-oriented roles. For instance, task-oriented rules include solving the problem, seeking information, stimulating action, and opinion sharing. Meanwhile, relationship-oriented roles comprise motivation, conflict solution, giving and taking as well as facilitative. Lastly, the self-oriented role includes personal importance, resisting change, dominance and reclusiveness. Nevertheless, their study scope was limited to a small sample size located in UKM, Malaysia. Furthermore, the study exclusively considered the direct factors influencing the effectiveness of team building. Given these points, there is a lack of comprehensive analysis of the elements that may impact the effectiveness of team building in SMEs in Malaysia.

On the other hand, measuring the effectiveness of team building is still a tricky question that needs to be answered, especially in Malaysia. According to Mohd, Omar & Asri (2016), the effectiveness of team building occurs when team goals are achieved successfully by synchronizing both team members and the task performed. Thus, the effectiveness of team building should measure the output of teams, the state of the group as a performing unit, and the impact of the group on its members.



The effectiveness of team building could be seen in various aspects, such as the problem-solving skills of members, the increasing trust among members, team members' leadership skills, and the communication skill of members (Fapohunda, 2013). Activities that focus on group cohesion encourage participants to share responsibility and solve problems as a group.

The effectiveness of team building can also be measured by productivity, which can also be described as the team's effectiveness (Michael et al., 2018). Altaf and Naqvi (2013) concluded that the entire team's performance ranging from team members, managers, supervisors, culture, work process and the organizational structure would be increased and improved by team building. Therefore, the effectiveness of team building can be measured through these aspects.

The effectiveness of team building is difficult to measure as prior studies made productivity and problem-solving ability the primary concern (Beauchamp et al., 2017). However, the effectiveness of team building should not only be measured by team aspects but also consider the personal achievement of the team members. Thus, this study considered both the group outcome and personal achievement to measure the effectiveness of team building. Several studies related to team building in Malaysia, such as Fung's study (2018) stated that team building influenced a team's performance and emphasized more on the outcome of team building instead of the effectiveness of team building.



There is also a lack of literature that focuses on analyzing the effectiveness of team building in SMEs in Malaysia, which has unique features in the workforce that comprise employees of different races, such as Malay, Chinese, and Indian (Wahab & Jaafar, 2018; Abdullah et al., 2019). Thus, employees' diversities in race and culture made team building in Malaysia more complex (Dastane & Eshegbe, 2015); thus, this study analyzed the factors affecting the effectiveness of team building among employees in SMEs in Malaysia.

Furthermore, there is a shortage of literature on the factors affecting the effectiveness of team building in Malaysia (Nawi & Lee, 2011; Peters, et al., 2017; Fung, 2018). There is a crucial requirement to develop an integrated conceptual model that includes both direct and indirect factors affecting the effectiveness of team building. Most research only analyzed the direct effect that may affect team the effectiveness of team building but ignored the indirect effects, such as the mediating effect.

Moreover, team building is complex and may be affected by various outside and inside resources. Thus, the concept of team building cannot be regarded as a simple process from the input to the output directly. Notably, other factors play a role in influencing the effectiveness of team building during the process. Therefore, the present research considered the mediating effects in the relationship between the effectiveness of team building and its antecedents.



Given the limitations of the existing literature, this study attempted to provide a clear and comprehensive investigation of factors affecting the effectiveness of team building among employees in SMEs in Malaysia. Thus, this study extended the adopted team effectiveness model of Cannon-Bowers to investigate the effectiveness of team building among employees in SMEs in Malaysia. Fundamentally, this research integrated previous findings and added the use of technology as the independent variable that may influence the effectiveness of team building. To provide an in-depth explanation of the effectiveness of team building, this study extends the study by examining the mediating effects of organizational commitment and personal achievement in the relationships between the effectiveness of team building and its antecedents.

1.4 Objective of the Study

The current study investigated the factors affecting the effectiveness of team building. The ultimate objective was to investigate the effectiveness of team building among employees in SMEs in Malaysia can be established. Hence, this study investigated the effect of group factor, use of technology on the effectiveness of team building. The study also examines two mediating factors which are organizational commitment and personal achievement upon the strength of the relationship between the independent variables and the dependent variable. In sum, this research attempted:



RO1: To determine the effect of group factor on the organizational commitment among employees in SMEs in Malaysia.

RO2: To determine the effect of use of technology on the organizational commitment among employees in SMEs in Malaysia.

RO3: To determine the effect of group factor on the personal achievement among employees in SMEs in Malaysia.

RO4: To determine the effect of use of technology on the personal achievement among employees in SMEs in Malaysia.

RO5: To determine the effect of group factor on the effectiveness of team building among employees in SMEs in Malaysia.

RO6: To determine the effect of use of technology on the effectiveness of team building among employees in SMEs in Malaysia.

RO7: To determine the effect of organizational commitment on the effectiveness of team building among employees in SMEs in Malaysia.

RO8: To determine the effect of personal achievement on the effectiveness of team building among employees in SMEs in Malaysia.

RO9: To determine the mediating effect of organizational commitment in the relationship between group factor and the effectiveness of team building among employees in SMEs in Malaysia.

RO10: To determine the mediating effect of organizational commitment in the relationship between the use of technology and the effectiveness of team building among employees in SMEs in Malaysia.





RO11: To determine the mediating effect of personal achievement in the relationship between group factor and the effectiveness of team building among employees in SMEs in Malaysia.

RO12: To determine the mediating effect of personal achievement in the relationship between the use of technology and the effectiveness of team building among employees in SMEs in Malaysia.

1.5 Research Question

The critical question in the present research was building an effective team building among employees in SMEs in Malaysia. Accordingly, this research dealt with the significant questions were:

RQ: How do group factor, use of technology, organizational commitment and personal achievement influence the effectiveness of team building among employees in SMEs in Malaysia?

Further, to fill the gaps, the main research question was subdivided into the following questions:

RQ1: What is the effect of group factor on organizational commitment among employees in SMEs in Malaysia?



RQ2: What is the effect of the use of technology on organizational commitment among employees in SMEs in Malaysia?

RQ3: What is the effect of group factor on personal achievement among employees in SMEs in Malaysia?

RQ4: What is the effect of the use of technology on personal achievement among employees in SMEs in Malaysia?

RQ5: What is the effect of group factor on the effectiveness of team building among employees in SMEs in Malaysia?

RQ6: What is the effect of the use of technology on the effectiveness of team building among employees in SMEs in Malaysia?

RQ7: What is the effect of organizational commitment on the effectiveness of team building among employees in SMEs in Malaysia?

RQ8: What is the effect of personal achievement on the effectiveness of team building among employees in SMEs in Malaysia?

RQ9: Does organizational commitment mediate the relationship between group factor and the effectiveness of team building among employees in SMEs in Malaysia?

RQ10: Does organizational commitment mediate the relationship between use of technology and the effectiveness of team building among employees in SMEs in Malaysia?

RQ11: Does personal achievement mediate the relationship between group factor and the effectiveness of team building among employees in SMEs in Malaysia?

RQ12: Does personal achievement mediate the relationship between use of technology and the effectiveness of team building among employees in SMEs in Malaysia?

1.6 Research Hypothesis

The research hypotheses are proposed as follows:

H1: Group factor significantly affects organizational commitment among employees in SMEs in Malaysia.

H2: Use of technology significantly affects organizational commitment among employees in SMEs in Malaysia.

H3: Group factor significantly affects personal achievement among employees in SMEs in Malaysia.

H4: Use of technology significantly affects personal achievement among employees in SMEs in Malaysia.

H5: Group factor significantly affects the effectiveness of team building among employees in SMEs in Malaysia.

H6: Use of technology significantly affects the effectiveness of team building among employees in SMEs in Malaysia.

H7: Organizational commitment significantly affects the effectiveness of team building among employees in SMEs in Malaysia.

H8: Personal achievement significantly affects the effectiveness of team building among employees in SMEs in Malaysia.

H9: Organizational commitment significantly mediates the relationship between group factor and the effectiveness of team building among employees in SMEs in Malaysia.

H10: Organizational commitment significantly mediates the relationship between use of technology and the effectiveness of team building among employees in SMEs in Malaysia.

H11: Personal achievement significantly mediates the relationship between group factor and the effectiveness of team building among employees in SMEs in Malaysia.

H12: Personal achievement significantly mediates the relationship between use of technology and the effectiveness of team building among employees in SMEs in Malaysia.

1.7 Theoretical Framework

In this study, the model of team effectiveness by Cannon-Bowers et al. (1995) is used as the underlying theoretical framework to investigate the effectiveness of team building. This model indicates that numbers of factors influence team effectiveness. This model was originally proposed to conceptualize team performance and training



(Tannenbaum et al., 1992). Cannon-Bowers et al. (1995) modified Tannenbaum et al. (1992)'s team effectiveness model to emphasize the role of team competencies in team training and performance. According to the model, organizational and situational characteristics have an impact on several aspects of the functioning of a team and team performance. It is difficult to think about teams without considering the contexts within which they operate. Further, the model suggests that task and work characteristics determine which individual task competencies and team competencies are required for successful team performance. Possession of these competencies is hypothesized to be a prerequisite for effective team performance. overall, then, the model suggests that having the appropriate competencies to fit the environment, task and work situation will determine whether a team performs effectively.



The important notion of the model of team effectiveness is that determining the team's competency requirements is crucial to establishing the training requirements for a team. The characteristics of the situation and the organization affect task and work characteristics. These factors of ant team with who the individual works. Some team competencies involve the execution of teamwork behaviors in a specific task and context, whereas other team competencies are more generic concerning the particular task.

The team competencies contain three different types such as team knowledge, skills and attitudes which are associated more directly with training requirements and





strategies (Beaubien & Baker, 2017). Team knowledge requirements include accurate, shared mental care, an understanding of the nature of teamwork and teamwork skills; knowledge of overall team goals, objectives and missions; knowledge about boundary spanning; knowledge about fellow team members' roles and personalities and sue-strategy associations. There are many dimensions of team skills such as shared situation awareness, performance monitoring, adaptability, interpersonal skills, communication skills, decision skills and coordination skills. The attitude competencies in teams have a direct bearing on the team's interaction process and on the ability of an individual to flourish in the team context. These include attitudes toward teamwork, the team concept, collective efficacy, collective orientation, shared vision and mutual trust.



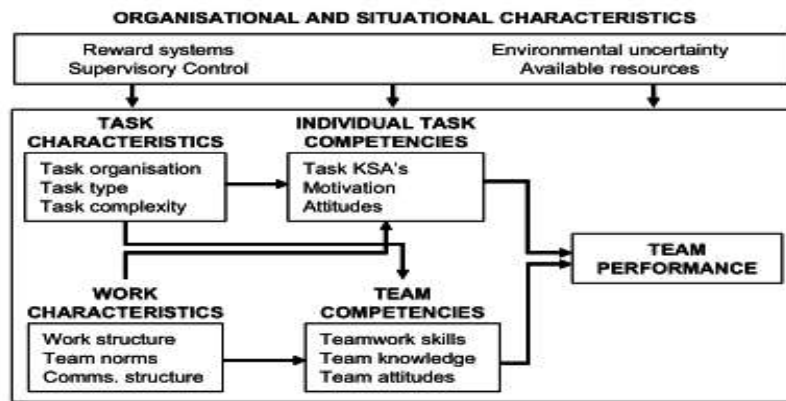
Cannon-Bowers et al. (1995) suggested that organizational and situational characteristics impact team performance and several aspects of teams' functioning. Thus, there is a crucial need to consider the context of work characteristics. The framework of Cannon-Bowers et al. (1995) guided the formatting of the conceptual framework of the current research. In the framework of Cannon-Bowers et al. (1995) the task characteristics and work characteristics are independent variables, individual task competence and team competence are mediating variables, while team performance is the dependent variable. Compared with the team performance of Cannon-Bowers et al. (1995), the current research added the use of technology as the independent variable, as with the changing of the workplace, use of technology is the



decisive factor for the success of SMEs. For mediating variables, the personal achievement in the current research's conceptual framework is derived from individual task competence, while the organizational commitment in the current research's conceptual framework is derived from team competence.

Figure 1.1

Model of Team Effectiveness



Source: Cannon-Bowers et al. (1995)

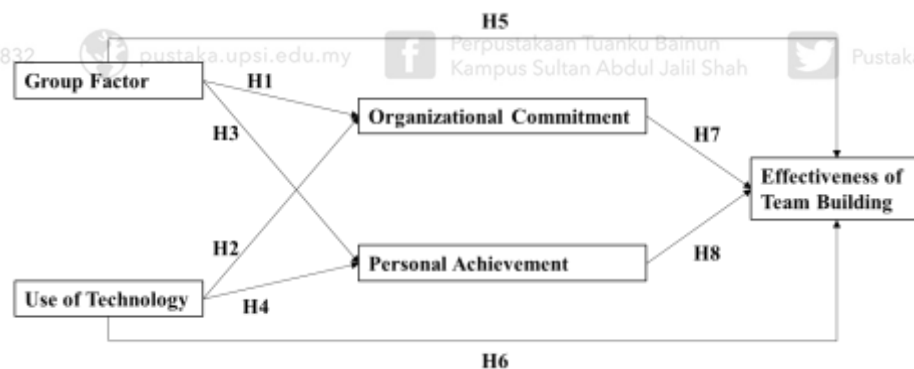
1.8 Conceptual Framework

The conceptual framework of the current study was established based on the literature review reflected in the theoretical framework developed in this study. The current study conceptualized that group factor, use of technology, organizational commitment and personal achievement could significantly affect the effectiveness of team building

(Fatima & Mascio, 2020; Arustei, 2016; Terek et al., 2018; Nosenzo et al., 2015; Dawson et al., 2012; Harmer, 2017; Murray, 2015; Suryani, 2081; Halawi et al., 2018; Jun et al., 2016; Palmiano, 2017). Therefore, the conceptual framework was developed that comprises the two independent variables which are group factor and the use of technology; two mediating variables which are organizational commitment and personal achievement; and one dependent variable which is the effectiveness of team building (Figure 1.2).

Figure 1.2.

Conceptual Framework



Note. Mediating Effects: H9: GF → OC → ETB; H10: UT → OC → ETB; H11: GF → PA → ETB; H12: UT → PA → ETB

1.9 Operational Definition

The operational definitions are as follows.

Team Building

The concept of team building is treated as a collective term for different activities applied to define roles within the team. Essentially, these activities enhance the relationship among the organization, which often involves collaborative tasks. Moreover, this concept transforms a group of individual individuals into a cohesive team that is organized to work together interdependently and cooperatively. This approach is achieved by working towards their goals and objectives to meet the needs of their customers. Additionally, this concept includes the daily interaction that employees engage in to complete their jobs when working together. Lastly, the idea involves structured activities that employees can lead. Hence, in this research, team building is defined as a series of exercises to improve SMEs' performance.

Effectiveness of Team Building

The effectiveness of team building differs substantially from one organization to another (Lee & Gregory, 2017). Notably, the most efficient efforts occur when team members are interdependent, knowledgeable, and experienced. This idea can be similarly observed in organizational leadership that establishes and supports the team actively. Fundamentally, effective team building incorporates team goals to develop objectives, roles, and procedures. As a result, team building is usually associated with increasing task achievement, goal fulfillment, and team outcomes (Salas, 2011). In

this research, the effectiveness of team building is defined as measuring how an organization and individual's performance can be improved through team building.

Use of Technology

Use of technology is the application of scientific knowledge and practical skills to create, design, develop, and maintain tools, devices, and systems that can solve problems and improve efficiency in various fields (Goh & Sandars, 2020). In the current study, the use of technology is the involvement of the technology such as digital tools and platforms to enhance collaboration, communication, and productivity

among team members.

Group Factor

Group factor is defined as the characteristics of the group setting (Burmeister et al., 2020). In the workplace, the group factor is the factor related to the collection of people within a workplace who collaborate to achieve specific goals, tasks or projects (Mroz & Allen, 2019). In the current study, the group factor is the significance of the characteristics of the team in team building.

Organizational Commitment

Al-Jabari and Ghazzawi (2014) stated that organizational commitment is one of the basic concepts describing an employee and an organization's relationship. Organizational dedication is usually limited to the degree to which an employee is faithful to their company. It has been found that organizational commitment has an important relationship with turnover, productivity and satisfaction (Gangai & Agrawal, 2015). Organizational commitments can be categorized into affective engagement, commitment to continuity and normative engagement. In the current study, organizational commitment is defined as the loyalty an employee in SMEs has to the organization after team building.

Personal Achievements

Achievement is the competence of a person concerning a domain of knowledge (Lo & Li, 2016). Travers et al., (2014) stated that personal achievement results from what an individual has learned from educational experiences, in addition to the sum of achievements the individual obtained through the team building project. Personal achievements include problem-solving ability, flexibility ability and communication skills. In the current study, the personal achievement is defined as measuring how much the employees in SMEs improved themselves after team building.



1.10 Importance of Research

It is evidenced that the empirical research and theoretical basis for the effectiveness of team building has not been fully discussed (Fung, 2015). Therefore, the current study expanded the existing investigations on the effectiveness of team building and shows its importance in the literature in the following ways.

There is a lack of research that considers the effectiveness of team building in SMEs in Malaysia. This study extended the research work by Cannon-Boers et al. (1995) by advancing the understanding of the effectiveness of team building. The study's current significance and contributions are that academics will now have a holistic framework to understand the effectiveness of team building among employees in SMEs in Malaysia.

Most of the previous studies have limited their scopes to a few industries (Craig, 2015; Cane, 2014), such as the nursing industry, education industry and the mining industry, and the findings are also inconsistent. The literature review also reflects a gap in research on indirect factors that will influence the effectiveness of team building. This study addressed the gap in the lack of research on the effectiveness of team building in the whole business sector, set directions for future work, and lay the foundation for comparative work in these domains.





The recognition of the proposed relationship among the effectiveness of the team building, the independent variables (i.e. the group factor; the use of technology) and the mediating variables (i.e. the organizational commitment; the personal achievement) will help the organization management in a better understanding on how to ensure the effectiveness of the team building and be more competitive in the market. There are important implications for managers as well. In the context of human resources management and development, the investigator, coordinator, monitor and practitioners can use the new information provided by the study to improve the effectiveness of team building without wasting limited resources (Bishop, 2014).



Furthermore, this study provides a practice gain for SMEs in Malaysia to improve their competitive advantages in the global market. This particular study gives them a new avenue of research to adopt certain practices to reflect some of the independent variables and their requirements within the study, leading to optimization of their team building efforts. Last but not least, the findings will help the team building designers devise cost-effective strategies and interventions to overcome unnecessary weaknesses in team building-related activities. Consequently, this idea can become an essential source of cost-saving for SMEs and allow for better team building methodologies to develop in the long term.



1.11 Research Structure

There are five chapters in this research. Chapter 1 introduces the basic background of this research and the issues related to the investigated topic. Besides that, this chapter presents the basic information of this research. Chapter 2 presents a review of academic literature in the domain of the effectiveness of team building, and discusses the hypotheses proposed in this research. Chapter 3 describes the research methodology and methods used in the present empirical study. Chapter 4 reports the results of the present empirical research. Chapter 5 discusses the findings of the current research referring to previous empirical research on the effectiveness of team building. The chapter also presents the implications and limitations of the present research. Several conclusions were drawn based on the findings and discussion. Recommendations for future research are suggested. At last, it draws a conclusion at the end of Chapter 5.

1.12 Summary

In this chapter, the background of the study and the problem statement is provided. It was followed by the objectives of the research and the research questions are clearly stated. Then, the research hypothesis, theoretical framework, as well as conceptual framework were presented. In the conceptual framework, the independent and

dependent variables and the mediating variables for the effectiveness of team building were laid out. The chapter concluded with the importance of the research. The next chapter focuses on the literature review concerning the effectiveness of team building.