Employee Engagement as a Driver of an Organization’s Financial Performance

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Abstract:

Today’s business environment is characterized by a complex interplay of factors that have not manifested decades ago. If an organization envisions to be continuously competitive and profitable, it has to become sensitive to the impact of globalization, customer demands and technology. To be able to execute business strategies, it has to create programs that enable its human resources to reach their performance expectations. The road to this is through employee engagement. This study sought to identify the employee engagement levels of Filipinos working in the different industries in the Philippines and correlate these with their respective organization’s financial performance. It included companies with a capitalization of 7M as the minimum and 12B as the maximum. It used the top global drivers reflected in the 2012 Global Workforce Study by Towers Watson. The research instruments are as follows: 1. Business performance from 2010 to 2012; 2. Questionnaire based on the following drivers: Goals and Objectives; Leadership; Stress, Balance and Workload; Organization’s Image; and Supervisors. The results were used to identify whether a correlation exists between employee engagement and a company’s financial performance as well as the strategies to implement to begin or sustain an employee engagement program.

Key Words: employee engagement, employee engagement levels, drivers of employee engagement, financial performance.

INTRODUCTION

Many businesses are not so keen at focusing on human resources, not until expansion is underway, customer retention becomes a big issue and cost efficiency measures are being implemented that the pangs of long months and years of neglect on the application of the right human resource (HR) interventions have started to create an impact.

In the realm of HR management, from talent acquisition comes talent development which starts from the orientation with the company’s performance management system and leads to career planning and eventually to succession planning to ensure business continuity. Encompassing these interventions is the alignment of people to the company’s strategic goals where employees are supposedly empowered for internal mobility and monitored through updates/reports that are elicited from time to time. Periodically, people are evaluated and the results become a valuable tool for the HR department in identifying workforce strengths and weaknesses.

Hand in hand with the previous challenges, brought about by changing customer preferences, organizations have no recourse but to face them all head on - amidst borderless business environment and technological breakthroughs. With this scenario, a complete understanding of the organization’s business direction is a foremost step prior to even establishing the strategy for talent management. It is only here where a complete alignment of strategies can be defined from the profile of the succeeding batches of people who should be hired, how they should be oriented with the organization’s culture and their actual job - all the way to career development which all must be accomplished based on what has been established initially in order to attain the strategic plans of the organization. While a company may consider generic best practices, it has to go back to the kind of corporate culture that it wants to create which should be reflective of the kind of people that should be hired and ultimately, what practices may be found to be effective to spur productivity. The path to this is through Employee Engagement. It is the more modern version...
of employee satisfaction and commitment. What makes it truly different is, it has been tied up to a firm’s financial performance. The engagement levels of the people are the indicators whether or not engagement/HR practices are effective. At the end of the day, what needs to be seen by the shareholders should be a trend that surpasses yearly financial performance.

OBJECTIVES OF THE STUDY

This study was based on the following objectives:
1. Determine whether there is a significant relationship between employee engagement and financial performance;
2. Identify which employee engagement driver has the highest correlation to financial performance;
3. Determine if there is any significant difference among the employee engagement levels of the industries cited;
4. Recommend employee engagement strategies that can be used to manage employee engagement.

RESEARCH IMPEDIMENTS

This study was conducted to find out if employee engagement would indeed drive a firm’s performance so that HR practitioners would be guided as to what direction they can recommend to top management to ensure continuous agility that would translate to productivity and a heightened sense of commitment among the workforce. The results of this study would therefore help decision-makers to focus on HR programs that would provide much greater outcomes where there would be lasting and replicating effects on the company’s culture.

The respondents come from 10 companies representing 10 varied industries from different parts of Luzon. They are from small to large enterprises which are non-unionized, have assets between 7 million to 12 billion pesos and with 20-300 employees. The levels of the respondents were from Rank and File until Supervisory/Managerial or middle management only. The paper did not disclose the names of the companies included in the survey due to data sensitivity as expressed by the respondents’ HR Managers. Additionally, the demographic data of the respondents were considered intellectual properties and identifying them would push them to give answers that were favorable to management for fear of being singled out once they responded negatively. Over-all, data regarded by the HR managers to be partial to them were not exposed because the results of the study can be used against them, exposing them to the general public, especially to their competitors – contributing to weakening of their market competitiveness.

The study which encompassed the concept of employee engagement was tested among the following companies: Pharmaceutical; Semiconductor; Real Estate; Distribution – Agricultural Products; Information Technology; Catering; Restaurant; Travel Agency; Retail; and Construction Management Services.

The survey questionnaire was distributed by the HR department to all other departments and given to employees who had permanent tenure of eight months and above as well as finished second year in college. Focus-group discussions were not conducted to generate additional data as availability of employees during the scheduled sessions cannot be guaranteed by the HR department.

REVIEW OF THE LITERATURE

Employee Engagement
The greatest source of competitive advantage in an organization is HR owing to the different knowledge, skills and abilities that every member possesses (SwarnaLatha, C. and Prasanna, 2013). It is for this reason that an organization would want to maximize the fullest potentials of every individual in order to attain competitiveness, growth and profitability. In addition, the continuous quest for increased productivity and sustainable business performance has led to the significant recognition of HR as the most variable asset, of which the attempt to maximize has paved the way to effective people management and training and development (Holbeche, 2009).

With job satisfaction, employees simply like their work. Erickson, Macey and Schneider (Saradha and Patrick, 2011) affirmed that although one’s satisfaction to his/her work is part of engagement, it is just transactional as it would not last long even after giving the latest perks and bonuses. True engagement, from Right Management (Abraham, 2012), happens when employees understand and show commitment to the achievement of the goals and objectives of a business which is beyond one’s satisfaction with his/her work and include facets of being
emotionally obligated, a sense of pride of the company’s brand and being an ambassador of its products and services.

Based on Mercer’s Employee Engagement Model (Sanchez and McCauley, 2006), Satisfied employees are merely enjoying their jobs and not dissatisfied with the status quo which means that while they are contented, they can work alone without much of management’s oversight and more focused externally (family life, personal goals and not necessarily aligned with business directions); Motivated employees, on the other hand, are those on a higher level since they are more energetic and highly focused contributors aside from the fact that they find ways to have fun at their current responsibilities. However, they still lack characteristics that signify taking the extra mile for the organization. For those classified as Committed employees, this means that they are both satisfied and motivated. They possess a deeper connection now with the company as they have formed a strong affiliation with it because of being valued and involved. Furthermore, they trust that the company will help them bring out their best. Resiliency is an ingredient to what makes them thick when short-term setbacks kick in. Finally, for those employees at the Advocate level – in addition to the previous descriptions of the ideal employees, they must have more creative energy at work, perform to the highest standards, possess the character to be true to the vision and mission of the organization and finally, speak positively of its products and services to make them truly engaged employees (Sanchez and McCauley, 2006).

Drivers of Employee Engagement
From the survey of Towers Watson’s Global Workforce Study (2012) which covered 32,000 employees various organizations in 29 countries around the world, there were 5 employee engagement drivers that have been found to have the greatest collective impact among the employees. For each driver, there were behaviors and actions that were determined to elaborate more of this that connects to employee engagement. Below were the drivers with the corresponding behaviors valued by employees (Towers Watson, 2012, pp 7-15):

1. Goals and Objectives - Employees understand the organization’s business goals and steps they need to take to reach those goals and how their job contributes to achieving these.
2. Leadership - Is effective at growing the business; Shows sincere interest in employees’ well-being; Behaves consistently with the organization’s core values; Earns employees’ trust and confidence
3. Stress, Balance and Workload - Manageable stress levels at work; A healthy balance between work and personal life; Enough employees in the group to do the job right; Flexible work arrangements
4. Organization’s Image - Highly regarded by the general public; Displays honesty and integrity in business activities
5. Supervisors - Assign tasks suited to employees’ skills; Act in ways consistent with their words; Coach employees to improve performance; Treat employees with respect

When management is able to comprehend what propels employee engagement and understand the organizational activities that support this, it is equipped with the necessary information that will deepen employee engagement at the workplace (Sanchez and McCauley 2006). For Sodexo’s experience in a survey conducted in 2010 by Aon Hewitt (www.sodexo.com) among 113,000 employees across 60 countries and a response rate of 55%, their engagement level rose due to an improvement of ratings with all of the identified drivers. What have been significant for them were as follows: The “substance of their work: 89% (+2 points); the work environment: 86% (+4 points); Training and Development: 79% (+4 points); senior management: 79% (+4 points); their manager: 77% (+2 points); Communications: 72% (+5 points) and; Compensation: 59% (+6 points).” The improvement was due to the sincere desire of management of addressing their weaknesses two years prior to the survey (www.sodexo.com).

Employee Engagement and Business Performance
Several researches have been brought about to emphasize the significance of the linkage between the satisfaction and level of dedication of employees and business performance. Coffman, Hewitt Associates, Towers Perrin Talent Report and Ellis and Sorensen (Markos and Sridevi, 2010) proved that business performance is correlated with employee engagement. Moreover, researches also pointed out that when employees are more engaged, this brings their respective organizations to exceed the industry average on the aspect of revenue growth (Markos and Sridevi, 2010). Among the earliest and notable one is from the January 1998 Harvard Business Review publication detailing Sears’ strategy. In this research, Rucci, et. al., (Hicks, 2011) cited that an improvement of employee attitude fueled a spike in customer excellence driving an increase of 1.3 units, which pushed a 0.5% boost in revenue. Hence, Sears

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went on to implement an employee engagement strategy that led them to achieve beyond $200 million increase in revenues and an escalation of market capitalization (Hicks, 2011).

STUDY FRAMEWORKS

The following paradigms were used as the Theoretical and Conceptual Frameworks of the study, respectively, in order to arrive at the right solution to the challenges identified in this research:

William A. Kahn’s Employee Engagement Model
Kahn (1990) was the first to use the term “personal engagement” which referred to those behaviors manifested by people to fulfill their work responsibilities. Specifically, personal engagement which involves the interplay of mind, body and emotions, transpires when individuals become connected to their work roles and therefore are able to express themselves well. Therefore, engagement occurs when situations have psychological meaningfulness. For this to happen, there are three factors that must be present: Task and Role Characteristics and Interactions at Work. Task characteristics refer to doing work which can be stimulating, defined, somewhat independent and inventive. Role characteristics on the other hand, are all about one’s perception on the importance of what he/she does. Finally, work interactions occur when there’s promotion of dignity, self-appreciation and a sense of being worthwhile. All of these make up psychological meaningfulness which is central to employee engagement (Kahn, 1990).

Julie Gebauer’s and Dow Lowman’s Employee Engagement Model
Employee engagement has been defined by Federman (2009, p. 229) as “the degree to which people commit to an organization and the impact that commitment has on how profoundly they perform and their length of tenure.” Gebauer and Lowman (2008) expounded this by stating that there has to be an inclination to walk the extra mile to help the company achieve its business objectives, hence, the employees should have created a strong association with their company. Furthermore, Gebauer and Lowman (2008) asserted that there are three levels where this connection occurs: First, it has to start at the rational equation - the thinking part of the equation, which is: how well do employees understand their roles and responsibilities?; Second, it has to appeal at the emotional state - the feeling element, which means having that kind of passion and energy to go to work; Finally, the motivational component has to occur - the acting part of the model, which means, how well do they perform in their roles?

From this concept of employee engagement, it can be deduced that an employee must truly have a solid positive intention for the organization. This intention is fueled by his/her perception of how the company directs and takes care of him/her.

CONCEPTUAL FRAMEWORK

Figure 1 Conceptual Framework of the study
In this framework, Figure 1 represents the variables that were used in the study. There were 10 companies from 10 different industries whose employee engagement levels have been measured using the employee engagement drivers: Goals and Objectives; Leadership; Stress, Balance and Workload; Organization’s Image; and Supervisors (Towers Watson, 2012). After finding out the levels of engagement of each of the targeted population, this was correlated to their company’s financial performance, specifically the Return on Assets (ROA) and the Return on Equity (ROE). Then as a final contribution of this paper, it proposed employee engagement strategies that would support the initiatives of an organization on creating a holistic HR program.

RESEARCH QUESTIONS

The purpose of this research was predicated on the following specific objectives in detail:
1. Is there a significant relationship between employee engagement and financial performance?
2. Which employee engagement driver has the highest correlation to financial performance?
3. Is there a significant difference among the engagement levels of the industries cited?
4. Based on the findings, what employee engagement strategies can be recommended to manage employee engagement?

RESEARCH HYPOTHESES

Specifically, the study aimed to address the following hypotheses:
1. There is no significant relationship between employee engagement and financial performance.
2. There is no significant difference among the engagement levels of the companies from the following industries which took part in the research: (1) pharmaceutical (2) semiconductor (3) real estate (4) distribution – agricultural products (5) information technology (6) catering (7) restaurant operations (8) travel agency (9) retail and (10) construction management services.

RESEARCH DESIGN

The researcher used qualitative and quantitative research methods to describe, examine, and statistically analyze the primary data that were gathered from the survey process. This process supports the observation of Feather (Kennedy and Daim, 2010) that organizations have come to terms in determining the impact of employee’s contribution through employee engagement and match this with some business metrics.

A descriptive correlational design was used to determine and describe the perceptions of the respondents regarding the employee engagement drivers in their respective organizations namely: (1) Goals and Objectives (2) Leadership (3) Stress, Balance, and Workload (4) Organization’s Image, and (5) Supervisors(Towers Watson, 2012). The studies conducted by Rashid (2011) and Itam and Singh (2012) used this type of approach in eliciting the employee engagement levels of their identified population.

The same was also used to examine the relationship of the specific employee engagement drivers to the financial performance of the firm, with the latter represented by Return on Assets (ROA) and Return on Equity (ROE) ratios. This design was used to determine the presence or absence of correlation among the variables in the research to test the robustness of the results.

The above supports what has been done with 36 companies through a meta-analysis of varying industries to determine the relationship between engagement levels of the employees and business unit results encompassing productivity, customer satisfaction, profit, etc. A notable trend was identified: employee engagement may increase outcomes from business units which include that of profitability (Harter, 2002).

SUBJECTS AND STUDY SITE

The sample consisted of respondents from 10 companies from different industries in the Philippines. The respondents were derived from the population of regular rank and file employees and their supervisors/managers. The sample mix was based on the perception that a sole focus on supervisors/managers might yield biased responses in favor of the firm while the inclusion of rank and file employees only may lead to less accurate answers. This
therefore made the results more holistic in its approach. The respective population sizes of the companies have been requested from the HR department of the firms. Only regular employees were included since they were regarded to have understood the direction of the organization, its culture and its over-all program of actions. The inclusion of contract-based employees could yield biased and erroneous responses. The same respondent selection technique was utilized by Mathew, et al., (2012) in their study on culture, employee work outcomes and performance in Indian software firms. Below is the summary of the population of target respondents.

<table>
<thead>
<tr>
<th>Companies</th>
<th>Population of Regular Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Semiconductor</td>
<td>290</td>
</tr>
<tr>
<td>2. Restaurant</td>
<td>22</td>
</tr>
<tr>
<td>3. Real Estate</td>
<td>201</td>
</tr>
<tr>
<td>4. Distribution – Agricultural Products</td>
<td>35</td>
</tr>
<tr>
<td>5. Pharmaceutical</td>
<td>24</td>
</tr>
<tr>
<td>6. Hotel</td>
<td>220</td>
</tr>
<tr>
<td>7. Travel Agency</td>
<td>35</td>
</tr>
<tr>
<td>8. Construction Management Services</td>
<td>33</td>
</tr>
<tr>
<td>9. Retail</td>
<td>110</td>
</tr>
<tr>
<td>10. Catering</td>
<td>45</td>
</tr>
</tbody>
</table>

The study partially adopted the normative criteria originally developed by McMahon (Liao and Rice, 2010) as a basis for the selection of target companies. The criteria were as follows: (1) firms need to be operationally active during the survey year and not in the process of closing during the same period, (2) firms should have at least one full-time manager and staff, (3) there should be no incomplete, zero, and negative values reported in the expenditure, total income made annually, the wages and sales, as well as in total assets, equity and liabilities, and (4) there has to be a balance in the balance sheet items. However, the original normative criteria of McMahon (Liao and Rice, 2010) were not fully adopted since some of its variables were not applicable to this specific survey research and were not relevant to the study objectives. The rationale for using these normative criteria in the selection of the target firms was to ensure, as best as possible, that the sample excluded companies that have inaccurate and/or insufficient information and those that are not operating in a financially sustainable manner (Liao and Rice, 2010).

DATA INSTRUMENTATION

In order to satisfy the specific research objectives, the study utilized both primary and secondary data. Primary data were obtained through a set of structured questionnaire. The researcher patterned its questionnaire according to what Towers Watson (2012) utilized in its Global Workforce Study of 2012. There were 25 questions addressing the following employee engagement drivers: Goals and Objectives; Leadership; Stress, Balance and Workload; Corporate Image; and Supervisors (Towers Watson, 2012). Structured responses were taken through a Likert scale of 4 choices. Descriptions of these choices are as follows:

1. Strongly Disagree (Disengaged) - means employee simply goes through the motions of the job and lacks energy and enthusiasm in fulfilling what is required
2. Disagree (Detached) - means employee may be empowered and energized at times but lacks willingness to exert extra effort
3. Agree (Engaged) - means employee has emotional connection with the company but not able to maintain energy and enablement
4. Strongly Agree (Highly Engaged) - means employee fully walks the extra mile

Since the researcher based the questionnaire from the work of Towers Watson (2012), a pre-test was conducted with the HR Managers of the same respondent companies. They showed confidence that it would be fully understood, even if some respondents may just be in College level. Furthermore, the number of questions to be answered was not too imposing to the work demands of their people.
DATA ANALYSIS

The raw data that were obtained from the survey were summarized using suitable tables and graphical representations. This aspect was regarded as necessary in order to provide a description of the characteristics of the data that could be useful in identifying what are relevant to the research objectives. Furthermore, this gave insights on the relationships between various data sets. The study used descriptive statistics in summarizing the data that were gathered. The variables were summarized according to the frequency of each response, distribution of the responses, as well as related medians and modes, whichever of these were deemed applicable.

Following the initial stage of analysis, a cross-tabulation was used between each of the employee engagement drivers and the financial indicators (ROA and ROE). To analyze the possible association between each of the employee engagement drivers and the firm’s financial performance, correlation analysis was used. Specifically, Pearson correlation coefficient was obtained to determine the relationship between financial performance ratios (ROA and ROE) and employee engagement drivers, namely: (1) Goals and Objectives (2) Leadership (3) Stress, Balance, and Workload (4) Organization’s Image, and (5) Supervisors (Towers Watson, 2012). While there were other available statistical tools related to correlation analysis, this technique is regarded as appropriate since the data included in the research were ordinal and ratio variables.

Pearson’s R Product Correlation analysis was applied to explore the relationship between the dependent variable financial performance ratio and employee engagement drivers. Meanwhile, Kruskal-Wallis Test was used to find out if there were significant differences among the subject companies in terms of their levels of employee engagement.

RESULT AND DISCUSSION

1. Determine whether there is a significant relationship between employee engagement and financial performance

To measure the strength of relatedness between the employee engagement level and profitability ratio as represented by ROA and ROE, the study obtained correlation coefficients using Pearson Correlation.

| Table 2. Correlation Matrix between ROA and Employee Engagement Level |
|-------------------------|-----------------|
|            | ROA   | ENGAGEMENT |
| ROA        | 1.00  | 0.73313    |
| ENGAGEMENT | 0.73313| 1.00        |

Based on the correlation analysis conducted between employee engagement level and profitability ratio as represented by ROA, there was a strong positive relationship between the level of employee engagement and profitability as indicated by ROA at +0.73. Therefore, employee engagement level and ROA tend to move together in the same direction. Given the correlation coefficient, an increase in the level of employee engagement level would translate to an increase in the company’s ROA and vice versa.

| Table 3. Correlation Matrix between ROE and Employee Engagement Level |
|-------------------------|-----------------|
|            | ROE   | ENGAGEMENT |
| ROE        | 1.00  | 0.62771    |
| ENGAGEMENT | 0.62771| 1.00        |

Aside from ROA, the study also used ROE as a profitability indicator. The correlation analysis between employee engagement level and ROE produced a lower correlation analysis at +0.62771 or +0.63. However, the outcome still indicated a positive relationship between employee engagement level and ROE, hence, it did not violate the correlation analysis between employee engagement and ROE. Therefore, employee engagement level and ROE move in the same direction such that a larger percentage of engaged employees would mean a greater tendency for a higher ROE.
Identify which employee engagement driver has the highest correlation to financial performance

Since one of the primary objectives of the study is to examine the strength of the relationship between the employee engagement drivers and profitability ratios ROA and ROE, a more detailed correlation analysis was performed. Based on the following correlation matrix, all of the individual employee engagement drivers have a positive relationship with profitability ratio ROA. However, stress, balance, and workload (+0.76) and supervisors (+0.72) have stronger positive linear relationships with ROA. Other employee engagement drivers namely, leadership (+0.68), organizational image (+0.52), and goals and objectives (+0.41) also have positive linear relationships with ROA.

Table 4. Correlation Matrix between ROA and Employee Engagement Drivers

<table>
<thead>
<tr>
<th>DRIVERS OF EMPLOYEE ENGAGEMENT</th>
<th>ROA</th>
<th>Rounded off to the nearest tenths</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>1</td>
<td>1.00</td>
</tr>
<tr>
<td>Goals and Objectives</td>
<td>0.40788</td>
<td>0.41</td>
</tr>
<tr>
<td>Leadership</td>
<td>0.67563</td>
<td>0.68</td>
</tr>
<tr>
<td>Stress, Balance and Workload</td>
<td>0.75893</td>
<td>0.76</td>
</tr>
<tr>
<td>Organization’s Image</td>
<td>0.51928</td>
<td>0.52</td>
</tr>
<tr>
<td>Supervisors</td>
<td>0.71810</td>
<td>0.72</td>
</tr>
</tbody>
</table>

Similarly, correlation analysis between the 5 employee engagement drivers and another profitability ratio in the form of ROE showed that there were positive relationships among these variables. The results indicated that there was a strong positive linear relationship between employee engagement driver in the form of stress, balance, and workload and ROE (+0.70). Moreover, there was a positive relationship between supervisors (+0.63) and ROE; leadership (+0.53) and ROE; and organization’s image (+0.47) and ROE. However, there was a weak but still positive relationship between goals and objectives (+0.33) and the given profitability ratio.

Table 5. Correlation Matrix between ROE and Employee Engagement Drivers

<table>
<thead>
<tr>
<th>DRIVERS OF EMPLOYEE ENGAGEMENT</th>
<th>ROE</th>
<th>Rounded off to the nearest tenths</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>1</td>
<td>1.00</td>
</tr>
<tr>
<td>Goals and Objectives</td>
<td>0.32563</td>
<td>0.33</td>
</tr>
<tr>
<td>Leadership</td>
<td>0.52731</td>
<td>0.53</td>
</tr>
<tr>
<td>Stress, Balance and Workload</td>
<td>0.69830</td>
<td>0.70</td>
</tr>
<tr>
<td>Organization’s Image</td>
<td>0.47014</td>
<td>0.47</td>
</tr>
<tr>
<td>Supervisors</td>
<td>0.63365</td>
<td>0.63</td>
</tr>
</tbody>
</table>
3. Determine if there is any significant difference among the engagement levels of the industries cited

Figure 2. Employee Engagement Levels of Surveyed Firms

The Pharmaceutical company had the highest employee engagement level at 97.6%. This was followed by the Semiconductor company with a 93.4%. The third contender at 92% is the Real Estate company. The company that came in at fourth was the one from Retail which had 88.3% engaged employees. Following this was the Distribution – Agricultural Products company which resulted to having 88%. As to the 6th place, the Catering company got only 85.1%. Resulting at 84.5% is that of the Restaurant company. Close to this figure at 84.3% is the Construction Management Services. Finally, two companies, Information Technology and Travel Agency got the same engagement level at 79%.

To test if there is a significant difference in the employee engagement levels of the 10 selected Philippine companies based on the 5 employee engagement drivers, the Kruskal-Wallis Test was used. Initially, the researcher employed the parametric test of One-way Analysis of Variance (ANOVA) since the study used ratio data. However, testing for the validity of the ANOVA results showed that the assumption on the equality of variance was violated\(^1\). Hence, the non-parametric alternative which is Kruskal-Wallis Test was used.

\(^1\) Levene’s Test was used to test for the equality of the variance of the population. Note that Levene’s test was found to be less sensitive to non-normality problems; hence, it was preferred over Bartlett’s Test for Equality of Variance. Please refer to Table S.1 for the result of the Levene’s Test (Millar, S.P., Neerchal, N.K., and Dixon, P., 2001)
Table 6. Full Results of the Kruskal-Wallis Test

<table>
<thead>
<tr>
<th>TEST OF EQUALITY OF MEDIANS BETWEEN SERIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method</td>
</tr>
<tr>
<td>-----------------------------</td>
</tr>
<tr>
<td>Med. Chi-square</td>
</tr>
<tr>
<td>Adj. Med. Chi-square</td>
</tr>
<tr>
<td>Kruskal-Wallis</td>
</tr>
<tr>
<td>Kruskal-Wallis (tie-adj)</td>
</tr>
<tr>
<td>Van derWaerden</td>
</tr>
</tbody>
</table>

Since the observed K-value (35.81) is greater than the critical chi-square value (16.92), we reject the null hypothesis. Therefore, there is a significant difference in the employee engagement levels of the 10 selected companies.

SUMMARY OF FINDINGS

The study looked into how drivers of employee engagement influenced the profitability of an organization. Given the circumstances discussed in the study, the following were the specific findings:

1. There is a positive relationship between the level of employee engagement and financial performance both in terms of ROA on the average at +0.73 and ROE on the average at +0.63.
2. The employee engagement driver Stress, Balance and Workload has the highest correlation to financial performance both with ROA at +0.76 and ROE at +0.70.
3. There is a significant difference in the employee engagement levels of the 10 selected companies.

CONCLUSION AND RECOMMENDATIONS

The following are the conclusions of the study:

1. Based from the research conducted, employee engagement indeed drives corporate performance. When companies take care of their people and focus on specific drivers, productivity is improved and this translates to profitability.
2. With the right work-life balance, the overall results showed that employees are able to perform better because they can take care more of themselves by embarking on activities that lead to a healthy life where there is less stress. Moreover, they have ample time to spend on areas where their focus is necessary. Hence, Stress, Balance and Workload are the drivers which have the highest correlation to financial performance.
3. Given the differences of the company in terms of their industries, manpower complement, assets, existing structures and systems implemented, etc., there is indeed a significant difference in the engagement levels of the companies that took part in the study.

Based on the conclusions of the study, the following are recommended:

1. A study on various industries but comprising of several companies should be conducted to determine whether there is a significant difference among the respondent companies or none.
2. Further studies should be encouraged on determining whether Stress, Balance and Workload would still have the highest correlation to ROA and ROE in other industries.
3. A study should be conducted, to address a larger population, to look into similarities and differences in employee engagement that would provide financial returns.
4. Government institutions can be a viable case study in pursuing sustainable employee engagement as a driver for productivity and a contribution to national budget allocation.
5. As a final contribution/recommendation, the following are the employee engagement strategies that would help manage employee engagement among companies:
Table 7. Employee Engagement Strategies

<table>
<thead>
<tr>
<th>EMPLOYEE ENGAGEMENT DRIVERS</th>
<th>STRATEGIES</th>
</tr>
</thead>
</table>
| 1. Goals and Objectives     | * Orientation/reorientation on the company’s vision and mission  
* Transparency in company directions  
* Creation of activities that lead people to see how their work contributes to organizational goals so they understand the big picture  
* Equipping of leaders on how to do performance management  
* Observance of transitions whenever changes happen |
| 2. Leadership               | * Creation of committees that focus on business process improvements  
* Instilling the core values of the organization which starts from role-modeling of leaders  
* Creation of a roadmap that builds leadership competencies  
* Equipping of leaders on how to coach their people  
* Creation of a culture of openness to suggestions/innovation |
| 3. Stress, Balance and Workload | * Identification of indicators of stress and a program on stress mitigation  
* Identification of programs that instill fun and camaraderie among co-workers  
* Implementation of job rotations or job enrichment to prevent boredom and dead end jobs  
* Matching of employees’ competencies to the right job  
* Promotion of teamwork through team-building activities |
| 4. Organization’s Image    | * Alignment of company vision and mission to organizational activities  
* Espousing of a Corporate Social Responsibility Program that is meaningful to the employees  
* Presence of fair and clear policies that establish business etiquettes and guide business operations internally and externally  
* Creation of a good employer brand which the employees can take pride in and the public can look up to  
* Alignment of people’s values to that of the company’s |
| 5. Supervisors             | * Ability to develop/enhance people’s skills by giving the right project to the right person  
* Equipping supervisors with people-handling skills  
* Recognition of good performance/great deeds  
* Goal-setting as the first step towards establishing standards of performance  
* Practicing professionalism at all times |

REFERENCES


