

THE IMPACT OF EMPLOYEE ENGAGEMENT TO THE PROFITABILITY OF SMALL- AND MEDIUM-SIZED ENTERPRISES (SMEs)

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Abstract

Small and Medium-sized enterprises (SMEs) play a significant role in most of the world's economy. The success of SMEs depends on a number of factors. Employee engagement promotes organizational success and competitive advantage to most of the businesses. This study aims to examine the impact of employee engagement to the profitability of an SMEs within the third district of Bulacan, specifically the municipalities of Angat, San Ildefonso and San Rafael. The Employee engagement is measured in terms of meaningfulness, safety, and availability. The researchers used Kruskal-Wallis Test to identify the significant difference between employee engagement across SMEs profiles. Spearman correlation to measure the degree of association between employee engagement and profitability and to determine the presence of a relationship between the company's profile (business type, business organization, years of operation, number of employees, and annual net income) and the employees' engagement; and the relationship between the employees' profile (gender/sex, age, civil status, and length of service) and their work engagement. Based on results of Spearman's Rank Correlation Coefficient, it shows that the relationship between employee engagement has a positive weak correlation. This could imply that average net income which is the basis of profitability in this study is one of the factors influencing employee engagement, but it is not solely responsible. Regardless of whether there is a relationship or not, employees are more concerned about their jobs rather than the company's profitability.

Keywords: employee engagement, meaningfulness, safety, availability, small and medium-sized enterprises, profitability

Introduction

In a business world, there are some instances which cannot be avoided wherein employees may experience embarrassment, discomfort, lack of appreciation and respect. And during those instances business owners or managers must be present in giving their employees encouragement, understanding and guidance to be able to continue with passion and to be inspired again to do their job. Managers interact with employees more than anyone else. Apart from other employees, their manager has the most influence on day-to-day interactions, processes, and operations. Organizations may connect and empower their employees for the success of people and business itself with suitable means of engaging employees and smart management. According to Mulcahy, employees are the company's greatest asset- they are your competitive advantage. To attract and retain the best; provide them with encouragement, stimulus, and make them feel that they are an integral part of the company's mission.

Employee Engagement is arguably the most critical metric for organizations in the 21st Century. It is a modern concept relating to job satisfaction and motivation which has been widely acknowledged in the literature as having a significant relation to their performance. Employee engagement is directly influenced by growth of the organization, value addition experienced by employees and employee perception of the organization. HR practitioners believe that the engagement challenge has a lot to do with how an employee feels about work experience and how he or she is treated in the organization. It has a lot to do with emotions which are fundamentally related to drive bottom line success in a company. Employee engagement initiative has a direct impact on the organization's productivity and financial aspects.

The survival of corporate industries is dependent on maximizing profits from existing capabilities, while

recognizing and adjusting to the fact that what may work today may not necessarily work in the future (Kortmann, Gelhard, Zimmermann, & Piller, 2014). To make or maintain their companies' profitability, leaders of companies must work hard to engage employees. However, leaders may sometimes struggle to adapt their organization in response to change if they limit their focus to existing products and processes (Hill & Birkinshaw, 2012). Understanding how to manage the balance between employee relations, adopting innovation, and maximizing short-term profits is critical to business leaders ensuring a viable future for their corporations.

In contrast, improved employee productivity had a positive effect on organizational Profitability. Organizational productivity is determined by employees' efforts and engagement (Musgrove, Ellinger, & Ellinger, 2014). Negative effects on productivity could be caused by negative interpersonal behaviors that lower employee engagement. Leaders of U.S. corporations who incorporate strategic employee engagement behaviors may experience higher employee productivity. Organization must, however, analyze employee engagement objectively and reliably, as well as identify factors that affect or influence it. Engaged employees have a strong and active connection to their work and believe they are capable of meeting the demands of their job.

The impact of employee engagement to a company's profitability is crucial because studies show that the higher level of employee engagement leads to higher profitability. This means that if employees are engaged, they are focused and less likely to make mistakes. Engaged employees are less likely to leave their job. When engaged employees are more customer focused, customers are more likely to recommend a business to others if they had a positive experience. Accordingly, engaged employees have a positive impact on an organization's reputation by being brand ambassadors. Employees who are engaged in their work are more productive because they are motivated beyond personal

factors. Employee engagement has a number of implications for organization's profitability. This impact is largely indirect. Employee engagement strengthens customer satisfaction-loyalty, safety, and overall profitability while reducing employee turnover. Thus, organizations are able to maintain a healthy bottom-line. The study shows that the top 25% companies with the highest employee engagement had up to 4% higher profitability.

Review of Related Literature

Nowadays, employee engagement is a critical concept in human resource management of business. There are several studies published on employee engagement but there are still issues and concerns about what is the meaning, how to measure, what is the relationship to the financial performance and why it is essential in every business.

According to Professor Katie Truss, engagement is about creating opportunities for employees to connect with their colleagues, managers and wider organization. It is also about creating an environment where employees are motivated to want to connect with their work and really care about doing a good job ...it is a concept that places flexibility, change and continuous improvement at the heart of what it means to be an employee and an employer in a twenty-first century workplace.

Employee Engagement. According to Boynton & Mishra (2014) Employee engagement has emerged as one of the greatest challenges in today's workplace. Farndale & Murrer (2015) states that this aspect challenges management because engagement is a critical element in maintaining the organization's vitality, survival, and profitability. According to Robinson et al. (2004) an engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship

between employer and employee. It is a strategy to increase the employee productivity and performance, a process to ensure commitment, motivation, and contribution of employees towards achieving the company's goals and objectives and enhance their wellbeing (Kumar, 2016). Engagement should be viewed as an important strategy involving all levels of organization (Frank, et al. 2004). The higher level of employee engagement provides the organization and its employees with a lot of advantages.

Meaningfulness. Meaningfulness of work plays a significant role in improving an employee's capacity and ability to achieve company goals and objectives. It is defined as a positive and significant contribution that a job makes to one's life, as well as the satisfaction that a person obtains from their employment. Kahn (1990) states that meaningfulness can be seen as a feeling that one is receiving a return on investments of one's self in a currency of physical, cognitive, or emotional energy. People experienced such meaningfulness when they felt worthwhile, useful, and valuable-as though they made a difference and were not taken for granted. They felt able to give to others and to the work itself in their roles and also able to receive. Lack of meaningfulness was connected to people's feeling that little was asked or expected of themselves and that there was little room for them to give or receive in work role performances. Kahn's "meaningfulness" is embodied by our "meaningful work" driver. In practice, that means businesses need to make sure that each employee understands the value and impact their role has on the whole. It's this genuine appreciation for making a contribution that motivates individuals to commit themselves fully to their role.

Safety. Safety was experienced as feeling able to show and employ one's self without fear of negative consequences to self-image, status, or career. People felt safe in situations in which they trusted that they would not suffer for their personal engagement (Kahn, 1990). Work should be a safe space for employees to voice their views without fear

of reprisals. Without psychological safety, employees won't feel able to contribute actively on a daily basis. When employees feel that their safety and that of the people around them is enhanced, employees will be more productive which helps in the company's success.

Availability. Kahn (1990) defined availability as the sense of having the physical, emotional, or psychological resources to personally engage at a particular moment. It measures how ready people are to engage, given the distractions they experience as members of social systems. Availability was associated with individual distractions that preoccupied people to various degrees and left them more or fewer resources with which to engage in role performances. Individual resources and job role insecurities might influence a person's beliefs, which can then affect their psychological availability.

Profitability. The financial performance refers to the economic status of a firm such as profitability, sales growth, return on assets etc. (Palagolla & Wickramasinghe, 2016). Said and Ali (2016) stated that profitability is the ability of a company to generate profit within a certain period, which is usually calculated using profitability ratios. In this study the profitability ratio to use is the return on asset (ROA). Analysts often use ROA in their investigation of a firm's financial position, financial performance, and future prospects. ROA serves as measurement of the effectiveness of an organization in generating profits using the assets. The greater the ROA means that the company is more efficient in using its assets so that it will generate large profit (Wahyuningsih et al., 2015).

Small and Medium Enterprises (SMEs). According to the World bank (n.d) Small and medium-sized enterprises play a significant role in most economies. They represent about 90% of businesses and more than 50% of employment worldwide. Thus, all countries are keen on developing the SME sector as a major part of their economy. There is

consensus among policy makers, economists, and business experts that small and medium enterprises (SMEs) are drivers of economic growth. A healthy SME sector contributes prominently to the economy through creating more employment opportunities, generating higher production volumes, increasing exports and introducing innovation and entrepreneurship skills. The dynamic role of SMEs in developing countries insures them as engines through which the growth objectives of developing countries can be achieved.

Theoretical Framework

Employee engagement is an essential tool required to reshape business strategy to cope up in today's challenging and unpredictable economic industry. According to Robinson (2006) employee engagement can be achieved through the creation of an organizational environment where positivity such as involvement and pride are encouraged, resulting in improved organizational performance, lower employee turnover, and better health. In line with that Bakker and Leiter (2010) also states that studies have consistently confirmed the relationship between employee engagement and profitability through higher productivity, increased sales, customer satisfaction, and employee retention. Kahn (1990) personal engagement theoretical framework helped in the understanding of the concept of employee engagement. Employees express themselves through personal interaction and are more excited and pleased with their roles when they draw on themselves to fulfill them.

The Needs-Satisfaction Framework. For any organization, engaged employees who will always go above and beyond is a valuable asset. Employee engagement is crucial in ensuring employees do not leave an organization. Kahn (1990) states that employees are more engaged in their work, when three psychological needs are satisfied: 1. *Meaningfulness* (Does an employee find their work meaningful enough to warrant them engaging their full self?)

2. *safety* (Does the employee feel safe in bringing themselves to work without the risk of negative consequences?) 9. *availability* (Does the employee feel mentally and physically able to harness themselves?).

Conceptual Framework

The conceptual framework explains graphically and in narrative form the primary things to be studied – the variables – and the presumed relationships among them. The independent variable is the employee engagement with sub-variables meaningfulness, safety, and availability which is needed for their growth, development, and success. On the other hand, the dependent variable is the profitability of an SMEs.

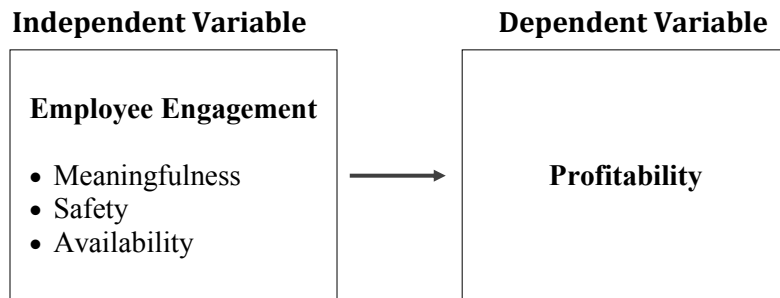


Figure 1. Research paradigm of the study

Statement of the Problem

The employee engagement is a critical driver of a business success in today's competitive workplace. It is one of the most important indicators to determine whether the employee is satisfied or not. There are numerous studies about the employee engagement but the researcher of this study aims to investigate the relationship of the Employee Engagement using meaningfulness, safety, and availability and the small and medium-sized enterprises profitability. Therefore, this study sought to answer the following questions:

1. How may the profile of SMEs be described in terms of:
 - 1.1 type of industry,
 - 1.2 form of business organization,
 - 1.3 years of operation,
 - 1.4 number of employees, and
 - 1.5 average net income?
2. How may the employee's profile be described in terms of:
 - 2.1 gender,
 - 2.2 age,
 - 2.3 civil status, and
 - 2.4 length of service?
3. How do the employees assess their level of work engagement in terms of:
 - 3.1 meaningfulness,
 - 3.2 safety, and
 - 3.3 availability?
4. Is there a significant difference in the employee engagement across SMEs profile?
5. Is there a significant difference in the employee engagement when they are grouped based on their profile?
6. Is there a significant relationship between employee engagement and profitability?

Hypotheses of the Study

The following hypotheses were tested in this study to know the relationship between the Employee Engagement and Profitability of a small and medium-sized enterprises within the municipalities of Angat, San Ildefonso, and San Rafael in the province of Bulacan.

H01: There is no significant difference in employee engagement across SME profiles.

H02: There is no significant difference in employee engagement across employees' profiles.

H03: There is no significant relationship between employee engagement and profitability.

Method

Research Design

The research design specifies the strategy and procedure for gathering the information needed to answer the problem. This research used descriptive-correlational research design that could systematically explain the association between sets of data. This study involved the small and medium-sized enterprises (SMEs) within the municipalities of Angat, San Ildefonso, and San Rafael in the province of Bulacan. The independent variable used in the study was the employee engagement; whereas the dependent variable is the company's profitability.

The researchers used quantitative research design for the purpose of acquiring insight into the questions considered in this study, the structured questionnaire technique was used to conduct in this research. The researchers used spearman rank correlation in order to determine the association between the independent variable (employee engagement) and dependent variable (profitability). The Spearman's rank-order correlation is the nonparametric version of the Pearson product-moment correlation. Spearman's correlation coefficient, (ρ , also signified by r_s) measures the strength and direction of association between two ranked variables.

Respondents and Sampling Procedure

The researchers used a survey questionnaire (google forms) to gather the information needed for this research. This study focused within the municipalities of Angat, San Ildefonso, and San Rafael in the province of Bulacan primarily

the employees and owners of an SMEs. A total of 32 responses were received, whereas 5 employees were able to answer the questionnaire but their respective manager/owner declined to answer. The target population was employees and managers or owners locating and operating to the municipality where the research was conducted.

Snowball sampling was used in this study. This sampling method involves a primary data source nominating other potential data source that was able to participate in the research studies. Snowball sampling method is purely based on referrals and that is how a researcher is able to generate a sample. Therefore, this method is also called the chain-referral sampling method. Snowball sampling is a popular business study method. The snowball sampling method is extensively used where a population is unknown and rare and it is tough to choose subjects to assemble them as samples for research.

Instrument

The survey questionnaire was administered using Likert scale type of question which was given to the employee. This study used the employee engagement which serves as an independent variable whereas a company's profitability serves as a dependent variable. This was done on a four-point scale ranging from 1 (strongly disagree) to 4 (strongly agree).

Part 1 of the questionnaire contains the demographic profile of the respondents (the employees and the small and medium-sized enterprises (SMEs) as a whole). Descriptive analysis was used to know the demographic information of the respondents: the gender, age, civil status and the length of their service. For the SMEs: the type of industry, form of business organization, years of operation and number of employees. One-way Anova was used to measure the significant difference regarding the demographic profile of the respondents.

Part 2 contains statements that help the researcher to determine and assess the engagement of employees to their respective organization. The survey questionnaire was used to measure the employee engagement through Spearman Rank order correlation and to measure its association to the company's profitability.

Data Gathering Procedures

The data gathered by the researchers for this study were solely composed of primary data. The data gathering procedure was accomplished with the strenuous time, effort and cooperation of the researchers to prove the credibility of the research data. The researchers prepared a questionnaire in line with their statement of the problem. Then, the researchers consult their research adviser and asked for approval of their questionnaires to be able to formally commence the distribution to the target respondents.

The researchers were able to collect data by means of an online survey questionnaire. The demographic profile consists of; for the owners of a small and medium-sized enterprises (SME's) it comprises the type of industry, form of business organization, years of operation, the number of employees and the average net income; whereas, for the employees it comprises their gender, age, civil status and length of service. The survey questionnaires were created using a four-point Likert Scale to determine if the respondent agreed or disagreed in a statement.

Permission to conduct the study was secured by the researchers from the SME's administration. The researchers explained the purpose of the study to the respondents that are willing to participate in the study. The respondents were informed by the confidentiality of the information that was collected from them in order to protect their rights and identity. Once permission is granted, the researcher makes sure that each participant corresponds to their predefined criteria. The researchers then accomplished the distribution

of the survey questionnaire by sending to their corresponding emails and waiting until they answered the questionnaire. After collecting the data needed the researchers tabulates and tally the survey. The values obtained regarding the responses were treated with due diligence by consulting a statistician, thus ensuring the mathematical computation and appropriate statistical tests used and measured correctly and accurately by the researchers of this study.

Data Analysis and Statistical Treatment

To examine the data gathered, a set of statistical tests were used. The data gathered were subject to descriptive – correlational analysis in order to determine the respondent's perception regarding the factors considered in the survey questionnaire. The respondents of this study were composed of 25 employees and 7 owners/ managers. Respondents were then asked to respond using a four-point Likert Scale to determine the respondent's satisfaction level in a given statement which is linked to the sub-variable of employee engagement such as the meaningfulness, safety, and availability, as well as the profitability of a small and medium-sized enterprises.

Table 1. Interpretation of likert scale for employee engagement and the small and medium-sized enterprise's profitability

Mean Value	Description	Verbal Interpretation
3.26 to 4.00	Strongly Agree	Very High
2.51 to 3.25	Agree	High
1.76 to 2.50	Disagree	Low
1.00 to 1.75	Strongly Disagree	Very Low

Table above shows how the mean value of each variable in the questionnaire was interpreted.

Table 2. Interpretation of positive spearman rho coefficient and correlation

Mean Value	Description	Verbal Interpretation
.01 to .24	Weak	Weak Correlation and Coefficient
.25 to .49	Moderate	Moderate Correlation and Coefficient
.50 to .74	Strong	Strong Correlation and Coefficient
.75 to .99	Very Strong	Very Strong Correlation and Coefficient

Figures in table above present the verbal interpretation of the positive mean value of Spearman Rho Correlation and Coefficient

Table 3. Interpretation of Negative Spearman Rho Coefficient and Correlation

Mean Value	Description	Verbal Interpretation
-.01 to -.24	Weak	Weak Correlation and Coefficient
-.25 to -.49	Moderate	Moderate Correlation and Coefficient
-.50 to -.74	Strong	Strong Correlation and Coefficient
-.75 to -.99	Very Strong	Very Strong Correlation and Coefficient

Table above shows the verbal interpretation of the negative mean value of Spearman Rho Correlation and Coefficient.

The responses to the questionnaire by the employees and manager or owners were statistically analyzed utilizing the data requirements of this study. To measure the degree of association between the employee engagement and SMEs profitability, the researcher used spearman rank correlation. This is the nonparametric version of the Pearson product-moment correlation. Spearman's correlation coefficient, (ρ , also signified by r_s) measures the strength and direction of association between two ranked variables. The significant difference in the demographic profile of the respondents will also be measured using one-way Anova.

Results and Discussion

The tabulated data were analyzed in order to answer the specific questions in the statement of the problem. Kruskal-Wallis Test was used to identify the significant difference between employee engagement across SMEs profiles. This non-parametric test was used as an alternative test to one-way ANOVA since the assumptions for this parametric test were not met. Spearman's Rank Correlation Coefficient was used to determine the presence of a relationship between the company's profile (business type, business organization, years of operation, number of employees, and annual net income) and the employees' engagement; and the relationship between the employees' profile (gender/sex, age, civil status, and length of service) and their work engagement.

Table 4. Demographic profile of the SMEs

Business Type	F	%
Retail/Merchandising	4	57%
Manufacturing	1	14%
Restaurant/Food	2	29%
Service	0	0%
Others	0	0%
Total	7	100%
Forms of Business Organization	F	%
Sole Proprietorship	5	71%
Partnership	1	14%
Corporation	1	14%
Cooperatives	0	0%
Total	7	100%
Years of Operation	F	%
1-5 years	1	14%
6-10 years	2	29%
11-20 years	1	14%
20 years and above	3	43%
Total	7	100%
Number of Employees	F	%
Less than 10 employees	1	14%
10 to 20 employees	4	57%
21 to 30 employees	1	14%
31 to 40 employees	1	14%
More than 40 employees	0	0%
Total	7	100%
Average Net Income (PhP)	F	%
Less than 250,000.00	1	14%
250,000.00 to 500,000.00	1	14%
500,000.00 to 750,000.00	0	0%
750,000.00 to 1,000,000.00	3	43%
More than 1,000,000.00	2	29%
Total	7	100%

Table 4 shows the demographic profile of surveyed owner or managers of SMEs. the table is composed of company's business type, forms of business organization, years of operation, number of employee and average net income.

It is revealed that out of 7 owners/managers more than half (57%) of them are operating a retail or merchandising type of business, 29% for the food or restaurant, and 14 % for the manufacturing. Many observers of the business scene believe that retailing is the most "staid and stable sector of business" (Dunne et al., 2014). The researchers are able to conduct their study within the three forms of business organization such as sole proprietorship, partnership and corporation but the majority of the surveyed respondents considered sole proprietorship as their business structure. One of the first decision to make when starting a business is the structure to be used. Sole proprietorship is the simplest structure because the owner and the business are the same. Partnership is an association of two or more people who operate the business as co-owners, sharing management control. Corporation is a legal entity separate and distinct from its owner who are called shareholders, and managed by the board of director (Callaway et al., 2002).

As shown, 43% of the respondents stated that their business has been in operation for 20 years or more, while 29% of the businesses spend 6 to 10 years in the industry, 14% for 1 to 5 years, and 11 up to 15 years. Moreover, despite having been in business for a long period of time, 57% of the respondents only had 10 to 20 employees and 14% each for the remaining categories. Almost half (43%) of the respondents indicates that their average net income is ranging from Php 750,000.00 to Php 1,000,000.00, while 29% responded that their net income is more than Php 1,000,000. 14% of the respondents earned between Php 250,000 and Php 500,000 while the other 14% earned less than or equal to Php 250,000.

Table 5. Demographic profile of the employees

Gender	F	%
Male	10	40%
Female	15	60%
Total	25	100%
Age		
19 years old and below	1	4%
20-29 years old	16	64%
30-39 years old	4	16%
40-49 years old	2	8%
50-59 years old	2	8%
60 years old and above	0	0%
Total	25	100%
Civil Status		
Single	13	52%
Married	12	48%
Total	25	100%
Length of Service (years)		
Less than 5	19	76%
6-10	4	16%
11-15	0	0%
More than 15	2	8%
Total	25	100%

Table 5 shows the demographic profile of the employees. The table is composed of four profile variables, namely: Gender, Age, Civil Status and Length of their Service in the business industry are described as accordingly.

As shown, female respondents outnumber male respondents by 20%, implying that females led and directed the majority of the small and medium-sized enterprises in the municipalities within the scope of this study. Also, most of the respondents (67%) are within the age of 20-29 years' old while there are 16% of respondents who are 30 to 39 years old, 16% each for the age ranging from 40 to 59 years old, the other 4% is respondents whose age is 19 years old and below. It indicates that there are younger employees who participates in this study. Table 5 also shows that the percentage of single respondents and the percentage of respondents who are married are not far apart but the findings are consistent with the age group, with the majority of the respondents in the study being between the ages of 20 and 29, indicating that they are young individual. According to the data, the majority of the respondents are in their 20's, which explains why 76% of the employees have only worked for five years or less.

Table 6. Mean distribution of the employee engagement in terms of meaningfulness, safety, and availability

Meaningfulness	Mean	Interpretation
1. I feel excited about coming to work every day.	3.40	Very High
2. I feel empowered at work.	3.40	Very High
3. I find the work that I do full of meaning and purpose.	3.48	Very High
4. I enjoy the things I do at work.	3.24	High
5. I am enthusiastic about my job.	3.28	High
Weighted Mean	3.36	Very High
Safety		
6. I feel safe at my workplace.	3.28	High
7. I feel safety is a priority in my company.	3.36	High
8. My safety and health are secured and managed.	3.32	Very High
9. I exercised care in putting in place necessary preventive measures.	3.32	Very High
10. I am provided with adequate control of the health and safety risks arising from our work activities.	3.44	Very High
Weighted Mean	3.34	Very High
Availability		
11. I am engaged in my work.	3.20	High
12. I am willing to work for long periods of time.	3.04	High
13. I am available to work anytime and flexible to start and end on those times.	3.04	High
14. I am more than willing to go above and beyond during the standard work week.	2.88	High
15. I work with accurate availability and schedule coverage updates.	3.16	High
Weighted Mean	3.06	High
OVERALL WEIGHTED MEAN	3.26	VERY HIGH

Table 6 indicate the results of the factors involving employee engagement: meaningfulness, safety, and availability.

It shows that the factor meaningfulness has a weighted mean of 3.36 which was interpreted as “Very High”. Under the meaningfulness, statement 3 *“I find the work that I do full of meaning and purpose.”* has the highest mean of 3.48 which was interpreted as “Very High” while statement 4 *“I enjoy the things I do at work.”* has the lowest mean of 3.24 which was interpreted as “High”. Safety, on the other hand has a weighted mean of 3.34 which was interpreted as “Very High”. Statement 10 *“I am provided with adequate control of the health and safety risks arising from our work activities.”* has the highest mean of 3.44 which was interpreted as “Very High” while statement 6 *“I feel safe at my workplace.”* has the lowest mean of 3.28 which was interpreted as “Very High”. Lastly, the weighted mean of availability was 3.06 which was interpreted as “High”. Statement 11 *“I am engaged in my work.”* has the highest mean of 3.20 which was interpreted as “High” while Statement 14 *“I am more than willing to go above and beyond during the standard work week.”* has the lowest mean of 2.88 which was interpreted as “High”. As shown the overall mean terms of meaningfulness, safety, and availability was 3.26 which was interpreted as “High” in relation to the employee engagement of the respondents.

Table 7. Difference in the employee engagement based on SMEs' profile

<i>Difference in the Employee engagement based on the type of business</i>						
Business Type	N	Mean Rank	df	H Test	Crit Value	p-Value 2-Tailed
Retail/Merchandising	17	12.53				
Manufacturing	2	11.25				
Restaurant/Food	6	14.92	2	.599	5.991	.741
Service	0	0				
Others	0	0				
Total	25					
<i>Decision</i>						
<i>There is no significant difference.</i>						
<i>Retain the null hypothesis.</i>						
<i>Difference in the employee Engagement based on the form of business Organization</i>						
Business Organization	N	Mean Rank	df	H Test	Crit Value	p-Value 2-Tailed
Sole proprietorship	17	14.26				
Partnership	3	6.17				
Corporation	5	12.80	2	3.141	5.991	.208
Cooperatives	0	0				
Total	25					
<i>Decision</i>						
<i>There is no significant difference.</i>						
<i>Retain the null hypothesis.</i>						
<i>Difference in the employee engagement based on the years of operation</i>						
Years of Operation (years)	N	Mean Rank	df	H Test	Crit Value	p-Value 2-Tailed
1-5	5	11.40				
6-10	5	8.20				
11-15	0	0.00				
16-20	5	15.80	3	3.744	7.815	.290
20 and above	10	14.80				
Total	25					
<i>Decision</i>						
<i>There is no significant difference.</i>						
<i>Retain the null hypothesis.</i>						

<i>Difference in the Employee Engagement based on the Number of Employees</i>						
Number of Employees	N	Mean Rank	df	H Test	Crit Value	p-Value 2-Tailed
Less than 10	2	6.50				
10 to 20	15	15.77				
21 to 30	5	11.40				
31 to 40	3	6.17	3	6.606	7.815	.086
More than 40	0	0				
Total	25					
<i>Decision</i>						
<i>There is no significant difference.</i>						
<i>Retain the null hypothesis.</i>						
<i>Difference in the employee engagement based on the average net Income</i>						
Average Net Income (Php)	N	Mean Rank	df	H Test	Crit Value	p-Value 2-Tailed
Less than 250,000.00	2	11.25				
250,000.00 to 500,00.00	3	6.17				
500,000.00 to 750,000.00	0	0				
750,000.00 to 1,000,000.00	15	13.33	3	4.128	7.815	.248
More than 1,000,000.00	5	16.80				
Total	25					
<i>Decision</i>						
<i>There is no significant difference.</i>						
<i>Retain the null hypothesis.</i>						

Table 7 shows the difference in employee engagement based on the company's type of business, forms of business organization, years of operation, number of employees and company's average net income.

Business Type. The results showed that there were no significant differences $X^2(2) = .599 < 5.991$, $p = .74$ with a .49 level of significance. This may be attributed to the notion that employee engagement may increase or decrease in any type of business. Whatever type of business whether a manufacturer, retailer, merchandiser, or a service provider, employee engagement makes no difference and no impact on their performance.

Form of business organization. As shown, there is no significant differences $X^2(2) = .3141 < 5.991$, $p = .208$ with .05 level of significance were interpreted. It can also be seen that the mean rank for partnership (6.17) was considerably low in comparison to the mean ranks of a sole proprietorship (14.26) and corporation (12.80) respectively. However, the differences were not statistically significant. The form of business organization may be one of the considerations of employees when it comes to job hunting. Employees may look for a form of business organization that they believe will provide them with the fulfillment and security they want in order to satisfy their needs. Some of them may consider the benefits and drawbacks that the organization may offer.

Years of operation. Statistics stated that there are no significant differences $X^2(3) = 3.744 < 7.815$, $p = .290$ with a .05 level of significance were interpreted. The mean ranks of 16-20 years and 20 years and above were higher com-

pared to the other categories. This could mean that the work engagement of employees in companies with 16 years and above is higher than those employees who are in companies that are younger in terms of operation. The years of operation of the company may also serve as one of the bases for employee engagement in a sense that the older the company is, the more engaged their employee will be. Employee engagement contributes a lot to the success of the business. When employees are engaged, they are more likely to invest in the work they do which leads to a higher quality of work produced. This results in keeping the business in more years of operation. Thus, the years of operation of the company is an indication that the company has a high level of employee engagement compared to the others. However, there are still other factors to consider when it comes to employee engagement.

Number of employees. The results revealed that there were no significant differences $X^2(3) = 6.606 < 7.815$, $p = .086$ with a .49 level of significance among the categories. The data can be described as somehow distributed in a sense that both the work engagements of employees with less than 10 employees and those with 31 to 40 employees were closed and the data at the middle, or those with 10 to 20 and 21 to 30 were also closed to each other. This could mean that having too few or too many employees in a company might also affect the work engagement of the employees. Results showed that the right number of employees in the company makes the engagement of the employees sustainable and stable. Also, the right number of employees engaged at work, the less resources are needed to reach that higher level of performance.

Average net income. Kruskal-Wallis Test showed that there were no significant differences $X^2(3) = 4.128 < 7.815$, $p=.248$ with a .49 level of significance among the categories. This could mean that the average net income may also serve as one of the bases for employee engagement but not solely be responsible. This was supported by the idea of Palagolla & Wickramasinghe (2016) which states that profitability, sales growth, and return on assets are the factors in determining the financial performance of a company. Profitability can be based on the factors such as competition, costs of production, and economic exchange rate over a certain period of time. In addition, sales growth may also be one of the bases since the growth of production and revenues may also reflect the profitability of the company. Return on assets, on another point of view, is directly related to the profitability of the company and its total assets. This only means that the higher the return on assets value is, the higher the profitability of the company will be. Nonetheless, it suggests that whether the annual net income is high or low, the level of employee engagement may still be the same.

Table 8. Difference between the employee engagement based on their gender and civil status

<i>Difference Between the Employee Engagement Based on their Gender/Sex</i>						
Gender	N	Mean Rank	U test	p-Value 2-Tailed	Interpretation	Decision
Male	10	13.00				
Female	25	13.00	75.00	1.000	There is no significant difference.	Retain the null hypothesis.
Total	25					
<i>Difference Between the Employee Engagement Based on their Civil Status</i>						
Civil Status	N	Mean Rank	U test	p-Value 2-Tailed	Interpretation	Decision
Single	13	14.27				
Married	12	11.63	61.500	.366	There is no significant difference.	Retain the null hypothesis.
Total	25					

Table 8 shows the difference between employee engagement based on gender and civil status. Considering the results of the test conducted for the normal distribution and the presence of outliers which can be seen in the appendix D, the researchers decided to use Mann- Whitney U test for this employee profile

Gender. The results showed that there was no significant difference $U \times 31.66, p \times 7.666$ with a .05 level of significance. It is also notable that the mean ranks of the two categories are equal; meaning both sexes, whether male or female, have the same level of work engagement. Thus, the null hypothesis was retained. This may be attributed to the fact that both sexes have the same type of jobs and that the company has equal expectations from both categories. The employees job descriptions do not include their sexes (gender) as the basis of their employment. This implies that in order to develop and engage employees, a much more flexible approach is to be adopted by each company. An approach that takes into account the gender differences that exist among the employees and is flexible enough to satisfy the needs and priorities of different groups of employees.

Civil Status. As shown, there is no significant differences $U \times 27.166, p \times .922$ with .05 level of significance were interpreted. The employees that are still single and considered to have no family obligations have a higher level of employee engagement compared to those employees who are married and have family obligations, though the number of single to married employees is close to equal. Kong (2009), suggests that there are considerably higher levels of work engagement among single employees when compared to employees with life partners. But some research findings (Keller, 1983; Wild, 1970) suggest that employees with partners were more content in their professions when compared to single employees. Civil status may be one of the factors for employment since in some cases, employees that are still single tend to be absent less compared to those employees with family obligations; although their absences are still considered valid, still, the work or the job at hand is being compromised.

Table 9. Difference in the employee engagement based on their age and length of service

Difference in the Employee Engagement based on their Age								
Age (Years)	N	Mean Rank	df	H Test	Crit Value	p-Value 2-Tailed	Interpretation	Decision
19 and below	1	11.00						
20-29	16	12.91						
30-39	4	16.75						
40-49	2	7.50	4	2.270	9.488	.686	There is no significant difference.	Retain the null hypothesis.
50-59	2	12.75						
60 and above	0	0						
Total	25							
Difference in the employee engagement based on their length of service								
Length of Service (Years)	N	Mean Rank	df	H Test	Crit Value	p-Value 2-Tailed	Interpretation	Decision
Less than 5	19	13.26						
6-10	4	13.50						
11-15	0	0	2	.503	5.991	.778	There is no significant difference.	Retain the null hypothesis.
More than 15	2	9.50						
Total	25							

Table 9 shows the differences in the work engagement of the employees based on age and length of their services using Kruskal-Wallis H-Test.

Age. Based on the table above there was no significant difference $X^2(4) = 2.270 < 9.488, p=.686$ with .49 level of significance among the categories. In comparison to the mean ranks of the 6 categories, the employees within the age of 30-39 years old have the highest work engagement mean followed by the employees with the ages 20-29 and 50-59. This means that the level of engagement cannot solely be based on the employees' age alone. It is assumed the younger employees should be more engaged than older employees. Age is an important factor in overall work engagement as well as the dimensions of absorption, dedication and vigor. The older employees having higher work engagement is likely as a result of increased personal competencies gained as one ages and having more experience in both work and life which provides more resources to manage demands faced at work. Such resources can be translated into job satisfaction, performance and engagement (Bakker et al., 2008). Hence, the results suggest that whether the employee is young and considered as a newbie in the industry, or whether the employee is a veteran and expert in their field, the employee engagement will somehow be equal if not the same.

Length of Service. As shown, there were no significant differences $X^2(2) = .503 < 5.991, p=.778$ with a .49 level of significance among the categories. It is notably visible that the mean ranks of employees who work less than 5 years in a company and those that work 6-10 years have a higher level of engagement compared to those who are in the company for more than 15 years. The differences in the mean ranks are somehow closely related and thus, are not

statistically significant. This could mean that employee engagement may be the same whether the employee is a newbie, or a veteran when it comes to their job description. Hence, the null hypothesis was also retained. This implies that no matter how long individuals have worked at the institution, they have a tendency to develop various levels of job engagement, which is very subjective in nature and depends on a variety of factors that influence their level of interest, dedication, and motivation. There are two possible reasons why senior employees might have low level of engagement: one is that they are tired after a period of heavy job engagement; the other is that employees in this age have started their own families, requiring them to spend some of their energy to them. Employees who are engaged will stay with the company longer and find smarter, more effective ways to add value to the organization.

Table 10. Relationship between the employees' profile and their work engagement

Variables	N	Correlation Coefficient	Indication	p-Value 2-Tailed	Interpretation	Decision
Gender & Employee Engagement	25	.017	Negligible Correlation	.935	There is no significant relationship	Retain the null hypothesis.
Age & Employee Engagement	25	.022	Negligible Correlation	.918	There is no significant relationship	Retain the null hypothesis.
Civil Status & Employee Engagement	25	-.173	Negligible Correlation	.408	There is no significant relationship	Retain the null hypothesis.
Length of Service & Employee Engagement	25	-.081	Negligible Correlation	.699	There is no significant relationship	Retain the null hypothesis.

Table 10 shows the relationship between employee's profile gender, age, civil status, length of service and their work engagement.

The table shows the result of Spearman's rank correlation with a negligible correlation of .017 and a high *p-value* of .935 with respect to a .05 level of significance. It can also be noted that the job descriptions of these employees do not necessarily require them to be part of any sexes in order for them to be employed. Hence, they will have the same type of job whether the employee is a male or a female. Moreover, the results can also be attributed to the number of respondents the researchers were able to ask at the time of data gathering. The researchers think that if they get to ask more respondents other than the actual number, the results may reflect the actual relationship.

Although companies cannot hire based on gender, understanding how gender affects work relationships can help enhance workplace engagement for genders who may be less involved due to a sense of inequity.

The results suggest that the two variables have a negligible correlation $r_s = .022$, $p = .918$ with .49 level significance. The results only mean that the engagement level of the employees cannot be based on their age. In some researches, age might actually be a factor for employee engagement since younger ones tend to be more playful and dynamic compared to older ones who are more serious and static.

However, there are also researches suggesting that younger employees tend to be more innovative and more engaged with their work since they are internally motivated to do work, unlike the older ones who tend to go to work due to their everyday, day-to-day life cycle. One reason those older employees were more engaged at work could be that they were more likely to have full-grown adult children, which allowed these employees to direct all their attention to

their jobs (Geldenhuis & Henn, 2017). When younger employees join a company, they may be enthusiastic, but they might rapidly become disengaged. When compared to younger employees with high performance ratings, older employees with high performance ratings had lower turnover intentions.

The relationship between employees' civil status and their work engagement has a higher sense of relationship compared to the two employee profiles that were tested. The negative correlation coefficient $r_s = -.173$, suggests civil status has an indirectly proportional relationship with employee engagement. This means that when an employee is married, employee engagement will be decreased. However, since the correlation was negligible and the $p\text{-value} .918 > .05$ level of significance, the relationship was insignificant.

The researchers see the civil status of the employees as one of the bases to know the level of employee engagement since in some references, single employees have lesser family responsibilities compared to married employees. On another note, since the employees who are married have greater family responsibilities, they should be more engaged to work compared to the employees who are single since they needed the job more than the latter. Civil status provides important insight on the dynamics that these variables can place on an employee's job behavior. When it comes to families, it's reasonable to believe that those with children have a greater sense of duty, and that preserving their employment is important to being able to provide for their families. Employees that are single, on the other hand, may find their dedication to the company and job role hindered by other duties within their families.

The last correlation coefficient analysis was done between employees' length of service and employees' work engagement. The results indicated negatively negligible correlation $r_s = -.081$ with a $p\text{-value} .699 > .05$ level of significance. The negative correlation suggests that the

relationship is inversely proportional, meaning, as the length of service increases, the level of employee engagement decreases. However, the results state the relationship was negligible, thus, the hypothesis was retained. The results could be attributed to the number of respondents of the study. The researchers think that if the number of respondents gets higher, the results could be more reliable and valid. The idea of getting a high level of employee engagement from newer employees and a low level of engagement from senior employees may have somehow a basis since newbies are still those employees who are willing to learn and tend to be engaged in their workplace since employees who have recently started working usually have a positive mood toward their work and are full of energy while those that are already seniors in the field may feel engaged only if their job or work descriptions are fulfilled, retained and tested. Nonetheless, the researchers still think that the length of service may serve as one of the factors for employee engagement since the employees will choose to stay in that work place if they are internally engaged and motivated.

Table 11. Relationship between the employee engagement and profitability

Variables	N	Correlation Coefficient	Indication	p-Value 2-Tailed	Interpretation	Decision
Average Net Income & Employee Engagement	25	.365	Weak Correlation	.073	There is no significant relationship	Retain the null hypothesis.

The table 11 above shows the results of the statistical analysis for the correlation of employee engagement and company's profitability in terms of average net income.

The average net income was one of the company's profiles that the researchers intended to see if there is an impact or relationship with employee engagement. The

correlation coefficient showed that $r_s = .365$, indicating a positive weak relationship. This means that as the annual net income increases, employee engagement also increases. The *p-value* of $p = .073$ a slightly higher value than .49 level of significance. However, the relationship is still considered insignificant. The annual net income may or may not be considered as a factor for employee engagement in the sense that the employees are more concerned with their job or work description rather than the company's profit.

Conclusion

Based on results of Spearman's Rank Correlation Coefficient, it shows that $r_s = .365$, indicating a positive weak relationship. The *p-value* of $p = .073$ a slightly higher value than .05 level of significance. It means that there is a relationship between the variable employee engagement and profitability. Employees are the lifeblood of any company; they are the reason why some succeed and others fail. Employees make decisions and actions that have an impact on the workforce and organization itself. The way the company treats employees, as well as how engage the employees is can have a favorable or negative effect on day-to-day activities, putting the company at risk. According to Mulcahy, employees are the company's greatest asset- they are your competitive advantage. To attract and retain the best; provide them with encouragement, stimulus, and make them feel that they are integral part of the company's mission. The higher level of employee engagement will improve the financial performance of a company. Engaged employees are more likely to be focused and makes fewer mistakes and they are valued and appreciated, they are less likely to quit their job. According to Robinson et al. (2004) an engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee. It is a strategy to increase the employee productivity and

performance, a process to ensure commitment, motivation, and contribution of employee towards achieving company's goals and objectives and enhance their wellbeing (Kumar, 2016).

However, the results shows that employee engagement was determined to have no relationship to profitability of an SMEs. This could mean that the average net income may also serve as one of the bases for employee engagement but not solely be responsible. Whether there is a relationship between the variables or not, employees are more concerned about their job rather than the company's profitability. Nevertheless, the employees still see that if the company is profitable, it may become the basis for their salary increase for the next years to come, so it might somehow indirectly affect their work engagement. The financial performance of a company is important to its owner and management itself. Therefore, good financial management will assist the company in making the most effective and efficient use of resources, gaining a competitive advantage over its competitors, achieving its goal which is to be profitable and preparing the business for a long-term financial stability. Nowadays, companies are starting to realize what a difference that passionate employees make for a business, and wise owners are more than willing to handsomely compensate engaged employees to continue to reap the benefits (WalterBodell, 2018). Employee engagement is critical to company success, and good management is the engine that drives a thriving firm.

Recommendations

In light of the findings of the study, the following are hereby endorsed as its recommendations:

Due to the limitations encountered by the researchers in this study, the sample size has been limited. The results could be attributed to the number of respondents of the study. The researchers suggested to include a larger sample

size to determine if the result of this study will be different when the sample size or population is changed.

Based on the results, the employee engagement has no significant relationship with profitability of an SMEs; It is further recommended for future researchers to focus and broaden the discussions regarding profitability. The future researchers may also include the competition, costs of production, sales growth to widen the scope of the study and for possibilities to determine viable existence of a significant relationship between employee engagement and profitability of an SMEs.

Although the data collecting process for this study is limited to online community, the researchers recommend utilizing social media platforms and figuring out how to collect data efficiently. Future researchers might consider using different data collection techniques, such as survey, to have a personal interaction to the respondents.

The same research problem can be used by future research in a different setting or location. This study suggests to use other statistical treatment to know if it produces different results.

Researchers that have interest with the same topic should continue making researches in order to continually get an up-to-date information as companies continue to grow and be flexible with the changes happening overtime.

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