



## Employee Engagement and Job Satisfaction at Company A

Michelle Ang<sup>1\*</sup>, and Joy Rabo<sup>1</sup>

<sup>1</sup> Accountancy Department, De La Salle University

\*Corresponding Author: michelle.ang@dlsu.edu.ph

**Abstract:** Various studies have been conducted to determine factors associated with job satisfaction. Some of these studies have shown that there is a significant positive relationship between employee engagement and job satisfaction. This study seeks to determine the relationship between employee engagement and job satisfaction using survey methodology which includes one construct for employee engagement and four constructs for job satisfaction, namely, career development, compensation and benefits, relationship with management, and work environment. Based on a sample of 309 employee-respondents at Company A and the results of Spearman's correlation analysis, all four areas of job satisfaction showed positive relationships with employee engagement at 1% significance level. Thus, this study confirms that there is a statistically-significant relationship between employee engagement and job satisfaction. Recommendations to Company A and future researchers are also provided.

**Key Words:** employee engagement; job satisfaction

### 1. INTRODUCTION

Various studies have been conducted to determine factors and elements associated with job satisfaction. Ozturkoglu, Saygili, and Ozturkoglu (2016) identified six factors affecting job satisfaction of Turkish workers: human resource policies, safety, ergonomics, air quality, thermal comfort and disturbing equipment, with ergonomics having the most impact.

Using hierarchical, mixed-effects ordered logistic regression to analyze results of self-administered questionnaire to 1,224 care aides from 30 long term care homes in three Western Canadian provinces, it was found that organizational factors associated with increased care aide job satisfaction include the following: leadership, culture, social capital, organizational slack-staff, organizational slack-space, and organizational slack-time (Chamberlain, Hoben, Squires, & Estabrooks, 2016). At Jigawa State of Nigeria, the descriptive statistics

and structural equation modelling results of 260 public sector construction employees' responses revealed that compensation, specifically gratuity and pension, have a high impact on job satisfaction (Chinyio, Suresh, & Salisu, 2018).

In its 2014 employee job satisfaction and engagement survey which made use of a five-point scale, the Society for Human Resource Management (SHRM), one of the globally-recognized societies for human resource professionals, found a direct relationship between employee engagement and job satisfaction wherein a decrease in job satisfaction would decrease employee engagement (Society for Human Resource Management, 2014).

SHRM views employee engagement as an important aspect of productivity which affects firm performance and organizational success. Kahn's (1990) theory of engagement states that personal engagement is influenced by psychological meaningfulness, psychological safety, and psychological availability. Job Demands-Resources (JD-R) model states working conditions can be



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categorized into either job demand or job resources, the combination of which predicts employees' engagement and burnout (Bakker & Demerouti, 2007). Other studies have similarly noted the link between employee engagement and increased productivity in terms of its impact on absenteeism level, employee turnover, and employee attitudes (Madan & Srivastava, 2015).

Aside from the SHRM, other studies have found a significant positive relationship between employee engagement and job satisfaction. Cheema, Akram, and Javed (2015) found a significant relationship between employees' engagement and satisfaction in 22 restaurants in Pakistan. A statistically significant relationship between employee engagement and job satisfaction was also found based on 149 respondents working in Serbia's tourism sector (Vujičić, Jovičić, Lalić, Gagić, & Cvejanov, 2015) and based on 88 manager-respondents working in India's banking sector (Madan & Srivastava, 2015). At a private firm in India, the correlation and regression analyses results of 101 employees' responses showed that employees are highly engaged and satisfied (Valliappan & Preethi, 2015).

Using self-administered questionnaire to multinational companies in Pakistan's corporate sector, it was found that employee engagement has significant positive association with employee satisfaction and suggested that employee satisfaction is one of the outcomes of employee engagement (Iqbal, Sabbir, Zameer, Khan, & Sandhu, 2017). Based on ANOVA tests and linear regression results, Vorina, Simonič, and Vlasova (2017) found that employee engagement and job satisfaction has a significant positive relationship with a p-value of 0.000 based on results of 594 respondents employed in public and non-public sector in Slovenia.

In some studies, job satisfaction and employee engagement were treated as mediating variables. The 2015 study of Sattar, Ahmad, and Hassan, which made use of linear and multiple regressions to analyze results of self-administered questionnaire to 181 employees in three leading banks in Pakistan, found that employee engagement partially mediates human resource practices and employee satisfaction. Lee and Ok (2016) found that a direct association between employee engagement and job satisfaction existed when mediated by leader-member exchange, and that job satisfaction acted as a mediating variable between employee engagement and organizational commitment.

In other studies, demographic variables were included in determining the relationship between employee engagement and job satisfaction. Madan and Srivastava (2015) found that demographic variables such as gender, age, tenure with the organization, and marital status do not have a statistically significant impact on employee engagement and job satisfaction based on results of ANOVA, t-tests, and regression analyses. Vorina et al. (2017) used gender as demographic variable and found no significant difference between employee engagement and gender and between job satisfaction and gender. Thus, this study did not include demographic variables.

All these previous studies made use of questionnaires to gather data, while most studies collected data from different companies in one or several industries. This present study also utilized survey methodology method but collected data from a single company referred to as Company A, a local retail chain with more than 300 stores in the Philippines which started in 1999 and envisioned by the owner as a provider of affordable merchandise to lower social classes.

Although most studies have been done in Asia, there have been no published studies to date that have focused on a firm or industry in the Philippines. Moreover, there has been little to no published literature concluding that employee engagement and job satisfaction are not related in a statistically significant positive way. SHRM (2015) found that employee engagement may not necessarily be associated with job satisfaction since the former is "tied to employees' connection and commitment to their work and their particular organization" (p.8). Yalabik, Rayton, and Rapti (2017) found that job satisfaction, particularly with work environment, is negatively related to employee engagement but also concluded that job satisfaction is a driver of employee engagement. Thus, this study aims to determine if there is a statistically significant relationship between employee engagement and job satisfaction at Company A.

## 2. METHODOLOGY

### 2.1 Variables Used

Employee engagement refers to the emotional connection an employee has to the firm and its goals which thereby affects the employee's level of effort put into the work. The Institute of



Employment Studies (2003, as cited in Madan & Srivastava, 2015) defined employee engagement as an optimistic outlook that employees have towards their organization and its values. Schaufeli, Bakker, and Salanova (2006) interchanged the terms employee engagement and work engagement to mean a positive, fulfilling work-related state of mind which is the exact opposite of burnout.

This study adopted Salanova, Agut, and Peiro's (2005) shortened employee engagement statements based on the 17-item Utrecht Work Engagement Scale developed by Schaufeli and Bakker in 2003 which classified employee engagement into three dimensions, namely: vigor, dedication, and absorption. After running the reliability test during the pilot testing of the questionnaire, this study was left with two dimensions each of vigor (energy to go to work and energy at work), dedication (inspiration to do best and work absorption), and absorption (feeling happy when intensely working and pride in work). Thus, all six items were treated as one construct known as employee engagement (ENGAGE).

Job satisfaction refers to a particular employee's perception and evaluation of work based on his/her needs, values, and expectations. It is defined by Porter (1962, as cited in Rayton & Yalabik, 2014) as the degree to which employee perceives job needs as being fulfilled.

This study made use of the items in the employee engagement and satisfaction survey instrument of the Government of the Northwest Territories (2015), and further classified these items into areas of job satisfaction identified by the SHRM. Thus, after conducting reliability procedure on the pilot testing of the questionnaire, job satisfaction was categorized into four constructs with a total of 25 items. These constructs are career development, compensation and benefits, relationship with management, and work environment.

Career development (CAREER) has three items (innovation in work, opportunities for personal growth, opportunities for career growth); Compensation and benefits (PAY) has three items (availability of benefits, adequacy of individual and team reward programs, performance-to-pay ratio); Relationship with management (RELMGT) has eight items (confidence in firm leadership, quality of supervision, communication from superior to staff, timeliness of feedback, recognition for work, participation in decision-making, autonomy in doing

work, and treatment at work); and Work environment (WORKENV) has 11 items (challenging and interesting work, working relationships with co-workers, support to provide service, support to balance work and personal life, ideal working environment, workload, physical workplace conditions, safety in work environment, adequacy of noise control, availability of ethical options, and opportunities for cross-cultural awareness).

All of these items were part of a larger-scale questionnaire which were administered to the employees of Company A and used a five-point scale where "1" is "strongly disagree" and "5" is "strongly agree" to ask respondents on the extent of their agreement on statements related to employee engagement and job satisfaction. Table 1 showed that since the Cronbach's alpha on all constructs were above 0.70, then the survey instrument is considered appropriate. Taken as a whole, job satisfaction showed a Cronbach's alpha of 0.929 based on 25 items.

Table 1. Results of reliability analysis

| Construct                             | Cronbach's Alpha | No. of items |
|---------------------------------------|------------------|--------------|
| Employee Engagement (ENGAGE)          | 0.849            | 6            |
| Career Development (CAREER)           | 0.749            | 3            |
| Compensation and Benefits (PAY)       | 0.783            | 3            |
| Relationship with Management (RELMGT) | 0.866            | 8            |
| Work Environment (WORKENV)            | 0.857            | 11           |

## 2.2 Research Procedures

A total of 400 employee engagement and satisfaction questionnaires were sent to Company A. Disregarding unreturned and incomplete questionnaires, the final sample size used in the study was 309 (77.25%). Of this number, 113 (36.57%) were female respondents. Data were collected at the principal office of Company A from May to June 2017. Following proper research procedures, the respondents' anonymity and confidentiality of respondents' answers were emphasized in the questionnaire. This study assumes that answers from employee-respondents are reflective of their perception at time survey was conducted and that their answers are reliable.



Since majority of previous studies used correlation and regression in analyzing data, this study first tested the assumptions for Pearson's correlation but the data was later determined to be non-normal since some constructs showed less than 0.005 value for the Shapiro-Wilk's test. With the appropriate level of data measurement and presence of monotonic relationship, Spearman's rank-order correlation was used in this study to test relationship between employee engagement and job satisfaction constructs.

### 3. RESULTS AND DISCUSSION

Presented in Tables 2 to 3 are outputs from SPSS 17.0. Table 2 shows the minimum, maximum, mean, and standard deviation for all construct, while Table 3 shows Spearman's rho correlation coefficients for the constructs.

Table 2. Descriptive statistics

| Construct | Minimum | Maximum | Mean  | Standard Deviation |
|-----------|---------|---------|-------|--------------------|
| ENGAGE    | 1.3     | 5.0     | 3.481 | 0.6343             |
| CAREER    | 1.0     | 5.0     | 3.163 | 0.7476             |
| PAY       | 1.0     | 5.0     | 2.732 | 0.7694             |
| RELMGT    | 1.3     | 5.0     | 3.188 | 0.5859             |
| WORKENV   | 1.6     | 4.8     | 3.227 | 0.5156             |

Table 3. Correlation analysis

| Construct | EN-GAGE | CAREER  | PAY     | REL-MGT | WORK-ENV |
|-----------|---------|---------|---------|---------|----------|
| ENGAGE    | 1.000   |         |         |         |          |
| CAREER    | 0.643** | 1.000   |         |         |          |
| PAY       | 0.332** | 0.557** | 1.000   |         |          |
| RELMGT    | 0.506** | 0.620** | 0.508** | 1.000   |          |
| WORK-ENV  | 0.575** | 0.559** | 0.477** | 0.656** | 1.000    |

\*\*Correlation is significant at the 0.01 level (2-tailed).

Interestingly, all items in the correlation analysis showed a p-value of 0.000. This is similar to the findings of Vorina et al. (2017) which also showed p-values of 0.000. This means that all job satisfaction areas are significantly positively correlated with employee engagement. Thus, an increase in employee satisfaction with career development, compensation and benefits, relationship with management, and work environment means an increase in employee engagement. Stated differently, a decrease in any areas of job satisfaction means a decrease in employee engagement.

This finding is consistent with Kahn's theory of engagement wherein the level of engagement is influenced by three psychological conditions: meaningfulness (RELMGT), safety (RELMGT and WORKENV), and availability (PAY and WORKENV). The results of this study also confirm the JD-R model wherein high job resources (CAREER, PAY, RELMGT and WORKENV) would lead to an increased work engagement. This is also similar to the findings of previous studies (Cheema et al., 2015; Iqbal et al., 2017; Madan & Srivastava, 2015; Valliappan & Preethi, 2015; Vorina et al., 2017; Vujičić et al., 2015; Yalabik et al., 2017).

Yalabik et al. (2017) found that employees who are satisfied with relationship with management, particularly on the aspect of communication, are engaged in their work. Of the four areas, Yalabik et al. found work environment, particularly on challenging and interesting work, as the primary driver of employee engagement. Lu, Lu, Gursoy, and Neale (2016) found that employee engagement significantly leads to job satisfaction but was cautious in suggesting that an effective solution to increase job satisfaction is through increasing employee engagement.

With regards correlation values and assuming 0.00 to 0.19 is interpreted as "very weak", 0.20 to 0.39 as "weak", 0.40 to 0.59 as "moderate", 0.60 to 0.79 as "strong", and 0.80 to 1.0 as "very strong", it can be seen from Table 3 that employee engagement and pay has a weak positive relationship, while employee engagement and career development has a strong positive relationship. Relationship with management and work environment both registered moderate positive relationships with employee engagement.

In the 2015 report of SHRM, the top three employee engagement conditions were relationship with co-workers and opportunities to use skills both



at 77%, and meaningfulness of work at 76%. These three represent three different areas of job satisfaction which are relationship with management, career development, and work environment. Compensation and benefits, although viewed as very important, was not a top contributor for employee engagement, which implies that employees value culture and wants to feel valued (SHRM, 2015). This is similar to the findings of this study wherein compensation and benefits have a weak relationship with employee engagement. This can further be explained by the fact that majority of Company A's employees are agency-based contractual staff who are usually paid the minimum wage. Nevertheless, they are still motivated to go to work every day to receive compensation.

#### 4. CONCLUSIONS

The results of this study showed that there is a significant positive relationship between employee engagement and the different areas of job satisfaction, namely: career development, compensation and benefits, relationship with management, and work environment. This is similar to previous studies which unanimously showed that employee engagement and job satisfaction are positively related. Thus, an increase in employee satisfaction is expected for an increase in employee engagement. Alternatively, a decrease in job satisfaction also means a decrease in employee engagement, although the former does not necessarily cause the latter.

For Company A, it is advised that management exercise caution in revising career development policies, compensation packages, relationships within firm, and work environment conditions because these elements of job satisfaction have positive associations with levels of employee engagement.

For future researchers, it is suggested that they look into the impact of employee engagement on employee satisfaction or vice-versa. In addition, the introduction of mediating variables such as demographic variables may be considered. The use of other statistical tools such as hierarchical regression analysis is also recommended. Finally, the use of different sector or a comparison of companies in a particular sector at a particular point

in time or over longer periods of time may also be done.

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