

Effect of Employee Engagement on Organisational Financial Performance in Jordanian Insurance Companies

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Purpose: The objective of this paper is to assess the level of employee engagement and its effect on the financial performance of Jordanian insurance companies. Employee engagement is described as the level of commitment and involvement of employees towards their organisation and its values. **Design/Methodology/Approach:** A questionnaire was distributed to a sample of 200 employees working in Jordanian insurance companies. 180 responses were collected and only 167 were considered valid for analysis. **Findings:** Employee engagement significantly financial performance. More specifically, vigour/vigour, dedication, and absorption have positive and significant effects on improving return on investment (ROE) and return on assets (ROA). Dedication and absorption have a positive impact on profitability and mitigating financial losses. However, the effect of vigour/vigour on operating profit margin and loss ratio is insignificant. **Practical Implications:** This research provides practical recommendations for managers and policy makers to enhance performance by building engagement. Recommendations also focus on assessing employee engagement in insurance companies due to their important effect on organisational success, long-term sustainability, efficiency and productivity. **Originality/value:** This is one of the first studies that links employee engagement with non-financial performance in the insurance sector; a service sector that suffers from high employee turnover and moderate engagement levels.

Keywords: *Employee Engagement, Organisational performance, Financial performance, Vigour, Dedication, Absorption, Insurance companies.*

JEL Classification: C83, D1, D9, G22, G23, G41.

Introduction

Employee Engagement

Employee engagement is defined as an employee's level of commitment and involvement within their organisation. Engaged employees are typically aware of their responsibilities in their business goals, work to motivate their colleagues alongside to achieve organisational objectives (Anitha, 2014).

The concept of engagement was declared by Kahn (1990) as “the harnessing of organisational members' selves to their work roles”. The engagement of employees in their jobs is considered as a critical positive force that has high impact in motivating and connecting employees with their business organisation. This connection could be emotional connection, physical connection or even cognitive connection (Kahn, 1990; Wellins and Concelman, 2005). Engagement is expected when employees are dedicated towards organisational goals, finding their job exciting in addition to identifying the values of their organisation (Armstrong and Taylor, 2014). Another common explication of employee engagement presented by the Gallup organisation (Buckingham and Coffman, 1999) is “the right people in the right roles with the right managers drive employee engagement”. The Gallup organisation introduced the Gallup's workplace questionnaire consisting of 12 questions that measure the level of employee engagement. An employee who can answer 'yes' to the 12 questions on the questionnaire is considered a fully engaged employee.

Employees are the most important factor of any organisation that competitors cannot imitate or duplicate. They are regarded as the most valuable asset when they are properly managed and engaged (Baumruk, 2004). Various factors play a role in improving the level of engagement of employees inside their organisations. One of these factors is simply the role of the managers. In order to ensure employee engagement, managers are required to outline five issues to create a highly engaged workforce (as suggested by Development Dimensions International (MRKSRR, 2005). These issues are: align efforts with strategy, empower employees, encourage and support teamwork and collaboration, assist their employees to develop and grow, provide unlimited support and recognition where appropriate to their employees. Reilly (2014) reported that the main duty of leaders and managers of any organisation is to focus on encouraging employee participation and acknowledging the obstacles for employees' engagement, in addition to acknowledging solutions suggested by employees. This will result in highly positive impacts and effective changes in employee engagement within the organisation. Managers can ensure engagement by making use of any opportunity, meeting and opening communication channels with their employees. Managers also need to press and value the importance of the organisation's commitment towards their employees to achieve employee engagement, acknowledging employee engagement impact on the achievement of the organisation on a regular basis.

Another factor that has a valuable influence on employee engagement is the type of culture of a business organisation (Castellano, 2015). Best cultures emphasise the value of making employees feel that they belong to an organisation rather than thinking of the organisation as just a working place. Accordingly, this would result in a significant enhancement in the engagement of employees across the organisation (Smith et al., 2016). Furthermore, rewarding employees financially or non-financially for their efforts can dramatically influence their level of engagement. Markos and Sridevi (2010) proposed that employees who are paid more and are recognised for their efforts on their work tend to be more engaged in their jobs. Finally, an important factor that would improve employee engagement is providing fair career development opportunities for all employees. Anitha (2014) documented the importance of offering training and continuous career development to ensure employees remain engaged. This in turn would help employees to build self-confidence in their job skills and improve their engagement levels.

Classification of Employee Engagement

The most commonly used measurements of employee engagement are described by Schaufeli et al. (2002) which describes engagement as “a positive, fulfilling, work-related state of mind that is characterised by vigour, dedication and absorption”. This definition outlines the great level of employee energy ‘vigour’, feeling of high self-esteem and enthusiasm ‘dedication’, and the intention to focus entirely on job assignments ‘absorption’.

In 2002, the Gallup organisation classified employees into three categories: engaged employees, disengaged employees and actively disengaged employees. Engaged employees usually attempted to provide an extraordinary achievement within their jobs, while disengaged employees are people who concentrate on assignments spelled out to them instead of focusing on achieving the goals of the organisation. The actively disengaged employees are individuals who do not do their jobs and discourage the performers in the organisation. It is not difficult to understand that many organisations believe the performance of engaged employees is significantly higher than that of disengaged employees (Vance, 2006).

Actively disengaged employees are recognised as the most dangerous type of employees, this is due to their negative impact on the performance in general. Another study by Gallup in 2017 documented that around 15% of the total number of employees are engaged in their jobs. Subsequently, that leaves 85% employees being either disengaged employees or actively disengaged employees. Many disengaged employees leave their jobs. Pawar and Chakravarthy (2014) revealed that disengagement is a main reason behind employees leaving their jobs. Other reasons could be due to either financial reasons, complications with getting along with their managers, colleague cooperation, career improvement or insufficient information about the job in the job description.



Organisational Performance

Employees are the key driver for any organisational planning for success in the business market. The performance of individuals (financial and non-financial) would reflect on the overall performance and success of the organisation. Performance is recognised as the organisation's ability to handle all four organisational processes (inputs, outputs, transitions, and feedback effects) with respect to its long term goals (Evan, 1976).

In a highly competitive business environment, organisations develop their own strategies to enhance the performance of the organisation in order to survive in the market and outperform competitors. The performance of an organisation has the ability to obtain and use resources in various ways to build competitive advantage (Iswatia and Anshoria, 2007).

In order to manage performance, organisations should set clear goals for employees and functions and set plans to achieve these goals (Good and Carin, 2004). In turn, managers are always requested to look for methods to achieve organisational goals with efficiency and effectiveness to increase their profit and reduce the overall company expenses. At the end, measuring organisational performance is an important aspect for an organisation's management, as it reflects organisational progress and accomplishments (Dobre, 2013).

Organisational performance can be defined as the degree to which an organisation meets its own needs and the needs of its shareholders in order to survive and succeed (Ramayah et al., 2011). Another definition of organisational performance is stated as "the ability to well acquire and manage human, economic, and physical resources to attain the organisation's goals" (Ramezan et al., 2013). There are two kinds of performance: financial and non-financial. Several indicators can be used to measure financial and non-financial performance of an organisation. Where financial performance perceived from different perspectives as a clear predictor of the financial condition of the company (Cegarra-Navarro et al., 2016; Shi and Yu, 2013) including profitability, return on assets (ROA), and value added to the customer (Shahin et al., 2014). Non-financial performance indicators, according to Khan and Halabi (2011) focus on accomplishing long-term success and integrating factors leading to enhanced organisational achievements and financial performance, such as the level of employee commitment, company image and reputation, productivity of employees (Haldma et al., 2012). The overall performances (financial and non-financial) are used to evaluate managers' specific actions where companies stand against their competitors, and how companies grow and perform over time. With regard to the measurement of organisational performance, scholars agree that having a performance assessment system in place is important for organisations to provide information on the reliability of processes conducted within any organisation, and to help establish strategic plans and assess the achievement of organisational objectives (Jarad et al., 2010; Paulsen et al., 2013).

Employee Engagement and Organisational Performance

Employee engagement does not only affect employee performance, but also the overall financial and organisational performance (Shuck and Wollard, 2010). Several studies reported the importance of the level of employee engagement on the organisational performance. Al-Enzi (2017) showed that job engagement practices have a statistically significant effect on job performance of employees in Kuwaiti Anti-Corruption Authority (physical engagement and emotional engagement). Employee engagement is considered as one of the main determinants for enhancing employee performance (Macey et al., 2018; Mone et al., 2018).

There is a positive relationship between employee engagement and the level of productivity and progress of an organisation that should be investigated on a continual basis to achieve the best outcomes (Perrin-ISR, 2006). Several literatures reported that one of the best methods to improve employee practices is by concentrating on encouraging the development of employee engagement across the organisation. This is vital as the engaged individuals are usually full of energy and associated positively by contributing strongly to their jobs through creativity, keeping up their professional development, engaging in teamwork and feeling they are providing high quality performances (Leiter and Bakker, 2010; Paulsen et al., 2013). This, in turn, is considered as the main playing card to compete with internal and external organisations in the same sector (Bailey et al., 2016). An employee who works in a supportive environment is more ambitious and tends to deliver extraordinary outcomes that result in fostering the level of profitability and productivity, accordingly, providing better products and services. This is mainly due to effective use of organisational resources (Bernthal et al., 2015).

On the other hand, a study carried out by Pillay and Singh (2018) found that low employee engagement affected the overall commitment and resulted in a low motivation level of staff. Low employee engagement levels were the result of ineffective job design, ineffective communication, management approach, participation and incentives in the form of recognition. Halbesleben and Wheeler (2008) investigated the impact of two distinct variables (job engagement and embeddedness) on the turnover and performance on several individuals. A sample of 587 employees involved several industries in the United States. The outcome of this research suggested that only job embeddedness provided distinctive prediction of turnover intention with both performance and turnover intention. Authors suggested that job engagement has a slight impact on performance. Dakhoul (2018) claimed that employee satisfaction, management standards and training are significant factors for employee performance. However, the most significant factor among these three factors was satisfaction levels for employees.

Insurance Industry

Service industry workers face great challenges in maintaining high performance. One of these challenges is their ability to provide excellent performances under demanding customer service requirements while maintaining positive interpersonal behaviour with customers (Dusek et al., 2014). The insurance industry is significantly affected by employee turnover. This may cause a significant loss of profit and productivity of the business (Amah and Ahiauzu, 2013). At the same time, managers are facing difficulties in finding talented employees because of the poor reputation of the insurance industry, which is considered 'unsexy' and the talent pool is small. In addition, the lack of skills within the insurance workforce may threaten the growth potential of insurance companies as a result of the lack of formal education of some insurance professionals (Johannsdottir et al., 2014).

Almajali et al., (2012) studied the factors affecting the financial performance of Jordanian insurance companies listed at Amman stock exchange. The results of the study concluded that the following variables (leverage, liquidity, and size and management competence index) have positive statistical effects on the financial performance of Jordanian insurance companies. One of the recommendations of the researchers is the need for highly qualified employees in the top levels of managerial staff. Furthermore, organisations should consistently develop retention strategies in order to reduce the turnover rate of employees that would result in achieving a competitive advantage (James and Mathew, 2012). Managers and financial professionals place their focus on financial consideration in order to achieve performance in terms of earnings returns and measuring the financial profits of project operation, where they place a little focus on employee engagement and satisfaction, which are non-financial factors critical for the long-term success of the company (Akter, 2011). Moreover, managers should pay attention to the fact that employees who have a high level of engagement with their companies are intent to stay in their jobs, which will result in reducing employee turnover and absenteeism. In turn, the performance of the company will be more efficient with cost saving which will lead to increased profits and customer satisfaction (Nawaz et al., 2014).

Jordanian Insurance Sector

The significance of this study is linked to the industry's significance, as it plays an important role in Jordan's national economic stability and development. At the end of 2018, the overall insurance premium amounted to 2.02% of the total national gross domestic product (GDP). The sector is regulated and controlled by the Insurance Commission, the Jordan Insurance Federation and the Central Bank (JOIF, 2018). It consists of 24 insurance companies licensed to practice insurance business in Jordan. One company is licensed to practice life insurance business; eight companies are licensed to practice general insurance business and fifteen

composite companies are licensed to practice both types of insurance (general insurance and life insurance).

The insurance sector also includes 1077 insurance supporting service providers, distributed as follows: 645 insurance agents, 191 insurance brokers, 28 reinsurance brokers, 74 loss adjusters and surveyors, one cover holder, 17 actuaries, 39 insurance consultants, 15 companies administrating insurance business, and 14 banks licensed to practice bancassurance, in addition to 53 reinsurance brokers residing outside the kingdom who are approved to practice reinsurance brokerage activities in Jordan.

In the relevant literature, several previous studies examined the effect of employee engagement on organisational performance in general form. This study focuses on examining the level of employee engagement and how it affects the financial performance of the insurance companies in Jordan. Furthermore, this study will include recommendations towards performance improvements through building engagement, by focusing on measuring employee engagement in insurance companies in Jordan due to its important impact on organisational performance, long-term sustainability, efficiency, and productivity.

Problem Statement and Research Significance

Nowadays, firms have become significantly competitive, and businesses that can keep up with such competition are those who have appropriate human resources. Consequently, the management of employee turnover is an important mission for any organisation with an emphasis on retaining employees (Terera and Ngirande, 2014).

The major problem for any business specialising in insurance is high employee turnover. This has an impact on the loss of profit in addition to productivity. Accordingly, managers at insurance companies who lack defined strategies to keep their talented employees are the specific business problem (Amah and Ahiauzu, 2013). Employee turnover may have a negative effect on a company's competitive advantage and can cause related costs. High level of employee turnover may result in reduction on organisation and employee performance resulting in higher recruiting and training costs (Chen et al., 2011). This happens as a result of only focusing on the short term financial considerations by both managers and financial people, rather than focusing on employee engagement and satisfaction as the most essential elements for the long-term achievement of the company (Akter, 2011). Managers should pay attention to the importance of using employee engagement as a strategic instrument as suggested by Devi (2017).

In Jordan, many service divisions have reported a good financial performance lately, for instance, in the banking sector. However, the insurance sector in Jordan is lacking such

performance results, and it does not react to the growth of the Jordanian economy. Subsequently, it's considered as the weakest in comparison to others (Almajali et al., 2012).

Therefore, the main objectives of the research are:

- 1- To identify level of employee engagement in Jordanian insurance companies.
- 2- To assess the organisational performance of the Jordanian insurance companies.
- 3- To assess the effect of employee engagement level on the financial performance in the Jordanian insurance companies.

This study is one of the first of its kind to focus on such service sectors. The study thrives to provide practical recommendations to tackle the major human resources issues for this sector.

Research Methodology

As illustrated in Figure 1, the research theoretical model is set to study the relationship between employee engagement and organisational financial performance.

Figure 1: *Theoretical Model of the Research*



The study has one main hypothesis test:

H1: There is a statistically significant effect for employee engagement on financial performance at a significant level of 0.05.

This test has four sub-hypotheses as there are four separate indicators used to assess financial performance. These hypotheses are as follows:

H1-1: There is a statistically significant effect for the employees' engagement on loss ratio at a significant level of 0.05.

H1-2: There is a statistically significant effect for the employees' engagement on operating profit margin at a significant level of 0.05.

H1-3: There is a statistically significant effect for the employees' engagement on Return on Equity (ROE) at a significant level of 0.05.

H1-4: There is a statistically significant effect for the employees' engagement on Return on Assets (ROA) at a significant level of 0.05.

Vigour, dedication and absorption are explored in further details in the next sections. Loss ratio is the losses an insurer incurs due to paid claims as a percentage of premiums earned.

Survey Design

This is an empirical study built on a questionnaire that was distributed to employees and managers of 24 insurance companies adapted from the Jordan Insurance Federation (JIF). Only 17 companies have agreed to participate in the study.

A questionnaire was distributed to a sample of 200 employees; only 180 employees responded to the questionnaire, 167 of them provided valid responses.

The questionnaire consisted of two main parts. The first section included demographic questions such as age, gender, educational level, job position, and number of years of experience of the participants.

The second section had questions to determine the level of employee engagement, using the dimensions of vigour, dedication, and absorption. Vigour includes six items derived from the study conducted by (Ariani, 2013; Schaufeli et al., 2006), dedication includes five items derived from the study conducted by (Ariani, 2013; Claxton et al., 2014), and absorption includes six items derived from the study conducted by (Ariani, 2013; Schaufeli et al., 2006). These dimensions are illustrated as follows:

Vigour Dimension

1. At my work, I feel bursting with energy.
2. At my job, I feel strong and vigorous.
3. When I get up in the morning, I feel like going to work.
4. I can continue working for very long periods at a time.
5. I am flexible and rational in dealing with colleagues.
6. At my work, I always persevere, even when things do not go well.

Absorption Dimension

1. Time flies when I am working.
2. When I am working, I forget everything else around me.
3. I feel happy when I am working intensely.
4. I am immersed in my work.
5. I get carried away when I am working.
6. It is difficult to detach myself from my job.

Dedication Dimension

1. I find the work that I do full of meaning and purpose.
2. I am enthusiastic about my job.
3. My job inspires me.
4. I am proud of the work that I do.
5. To me, my job is challenging.

The questionnaire used a five point Likert scale ranked from 1 to 5 where 1 means “Strongly Disagree” and 5 means “Strongly Agree”. All items used in the questionnaire were adopted from pre-established research used to measure each variable in the study.

The study used financial ratios to assess the financial performance of the 17 insurance companies (loss ratio, operating profit margin ratio, return on assets (ROA) and return on equity (ROE)) to measure the financial performance of the insurance companies. These figures are calculated at the end of 2018 financial statements obtained from the Jordanian Ministry of Industry and Trade.

Population and Sample of the Study

The population of the study includes all insurance companies in Jordan, which are 24 companies. However, during the data collection phase, seven companies refused to participate in the study. Therefore, a convenient sample from the other 17 companies was selected. Convenient sampling was used in this study, as its use is familiar in managerial research because it allows the researcher to select participants who are willing to participate in the study and who are accessible and available at a given place or a given time (Etikan et al., 2016).

Table 1 shows the list of participating companies and the number of respondents from each company.

Table 1: *Distribution of the Sample of the Study Across the Participating Companies*

Company	Number of respondent	Percentages within the sample (%)
Arab Jordanian Ins. Group	10	6.0
Metlife Alico Company	12	7.2
Arab Orient Insurance Company (gig)	15	9.0
Euro Arab Insurance Group	10	6.0
Arab Assurers Company	12	7.2

Company	Number of respondent	Percentages within the sample (%)
Arab Life & Accidents Ins.	10	6.0
Arab Union International Ins.	13	7.8
Arabia Insurance Company – Jordan	9	5.4
Holy Land Insurance Company	10	6.0
Islamic Insurance Company	8	4.8
Jordan Insurance Company	7	4.2
Jordan International Insurance	7	4.2
Watania National Insurance Company	12	7.2
Philadelphia Insurance Company	10	6.0
United Insurance Limited	7	4.2
MEDGULF Insurance	7	4.2
SOLIDARITY-First Insurance	8	4.8
Total	167	100.0

The sample size (167) is considered sufficient and is in line with previous studies (Al-Enzi, 2017; Othman et al., 2019).

Model Validity and Reliability

Validity tests the ability of the study tool to measure what it is intended to measure (Sekaran and Bougie, 2016). The first type of validity is testing face and content validity. Face and content validity ensures that the questionnaire includes representative items to measure the studied concept (Sekaran and Bougie, 2016). In this study, content validity was ensured by developing the questionnaire using previously published studies. Face validity was ensured by providing the questionnaire to a group of two experts in management and modifying the questionnaire according to their comments and recommendations.

Construct validity is another type of validity that tests the consistency between the results and the theory that is used to obtain these results (Sekaran and Bougie, 2016). In this study, Exploratory Factor Analysis (EFA) is used to assess the construct validity. Hair et al., (1998) recommended using two measures before conducting EFA. The first is Kaiser-Maier-Olkin (KMO), which assesses the adequacy of the sample to conduct EFA. KMO should be greater than 0.5. The second is Bartlett's test of sphericity, which assesses the correlation between the variables and should be significant.

In this study, EFA was conducted for the independent variable (employee engagement) and for the financial performance; the study used secondary data with different measures for each

indicator. Therefore, the study considered each indicator as a separate variable without using them in EFA or reliability test.

Table 2 shows the results of the EFA test for the independent variable. The test reveals that KMO is 0.848, which indicates sample adequacy to conduct EFA, and Bartlett's test of sphericity is significant (Approx. Chi-Square=1244.938, and P-value= 0.000), which shows sufficient correlation between the variables of the study. In addition, the test revealed that three factors describe the independent variable adequately. As shown in the table, the first factor has four items; three of them are items that assess the dimension "Dedication", in addition to the item "I am flexible and rational in dealing with colleagues". The second factor has five items; four of them assess the dimension "Vigour", in addition to the item "Time flies when I am working". While the third factor has five items that were used to assess the dimension "Absorption". Accordingly, the first factor can be considered as "Dedication", the second is "Vigour", and the third is "Absorption". Due to the low loadings on factors, Vigour_6 "At my work, I always persevere, even when things do not go well", Dedication_2 "I am enthusiastic about my job", and Dedication_1 "I find the work that I do full of meaning and purpose" were not assessing any of the factors of the study; accordingly they were removed from the questionnaire.

Table 2: EFA Results for the Independent Variable (Employee Engagement)

	Component		
	1	2	3
Dedication__4	.866		
Dedication__5	.855		
Dedication__3	.836		
Vigour_5	.583		
Vigour_6			
Dedication__2			
Vigour_1		.764	
Vigour_2		.740	
Vigour_4		.706	
Absorption__1		.574	
Vigour_3		.545	
Dedication__1			
Absorption__3			.835
Absorption__4			.829
Absorption__5			.791
Absorption__6			.646
Absorption__2			.530
Extraction Method: Principal Component Analysis.			

	Component		
	1	2	3
Rotation Method: Promax with Kaiser Normalisation.			

All data was analysed using social science (SPSS) version 25.0 with 95% level of confidence.

Sample Characteristics

The total number of participants in the study was 167 participants. Table 3 shows the sample characteristics.

Table 3: *Age Groups of the Sample of the Study*

Age Group	Frequency	Percentage
Less Than 30 Years	67	40.1
30- Less Than 40 Years	62	37.1
40- Less Than 50 Years	35	21.0
50 Years And Above	3	1.8
Total	167	100.0
Education Level	Frequency	Percentage
Two-year Diploma	17	10.2
Bachelor degree	133	79.6
Master's degree or higher	17	10.2
Total	167	100.0
Years of Experience	Frequency	Percentage
Less Than 5 Years	62	37.1
Less Than 10 Years	53	31.7
Less Than 15 Years	27	16.2
15 Years And Above	25	15.0
Total	167	100.0
Position	Frequency	Percentage
Administrative employee	75	44.9
Assistant Director	26	15.6
Director of the Department	35	21.0
Others	31	18.6
Total	167	100.0

The demographic profile shows that participants in the study belong to different age groups, are from both genders, occupy different positions, have different education levels, and have

different experiences. This shows that the topic of the study can be studied from different perspectives.

Results and Discussion

Table 4 shows the means and standard deviations for the variable “employee engagement”. The table shows that the participants believe that their companies have moderate levels of employee engagement as the mean score for this variable is 3.40 and the mean score for the three dimension of this variable ranges between 3.32 and 3.48. The highest evaluation was for the dimension “Dedication” (mean score= 3.48), then “Vigour” (mean score= 3.42), and then “Absorption” (mean score= 3.32).

Table 4: Means and Standard Deviations for the Variable “Employee Engagement”

Item	Mean	Std. Deviation	Rank
Vigour	3.42	0.703	Moderate
Dedication	3.48	0.875	Moderate
Absorption	3.32	0.703	Moderate
Employee engagement	3.40	0.629	Moderate

Table 5 shows the results of non-parametric tests for the differences of the levels of employee engagement according to the participants’ demographics. For gender, the test used was the Mann-Whitney test, while for the other factors, the test used was Kruskal-Wallis. The table shows that at a significant level of 0.050, only employees with different years of experience have significant differences in their perceptions toward employee engagement.

Table 5: Differences in the Evaluation of “Employee Engagement” According to Demographics

Independent Variable (Factor)	Used test	P-value
Age	Kruskal- Wallis	0.189
Gender	Mann-Whitney	0.074
Education level	Kruskal- Wallis	0.976
Years of experience	Kruskal- Wallis	0.020
Job position	Kruskal- Wallis	0.070

Further analysis showed that those who have an experience of less than five years believed that they had lower engagement levels than the employees who had higher experience as shown in Table 6.

Table 6: *Pairwise Comparison for Employee Engagement Based on Years of Experience*

Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic	P-value
Less Than 5 Years-5- Less Than 10 Years	-20.620	9.034	-2.283	.022
Less Than 5 Years-10- Less Than 15 Years	-25.218	11.135	-2.265	.024
Less Than 5 Years-15 Years And Above	-28.603	11.441	-2.500	.012
5- Less Than 10 Years-10- Less Than 15 Years	-4.598	11.418	-.403	.687
5- Less Than 10 Years-15 Years And Above	-7.983	11.717	-.681	.496
10- Less Than 15 Years-15 Years And Above	-3.385	13.403	-.253	.801

Table 7 shows the means and standard deviations for the financial performance indicators. The table shows that in general, all financial performance indicators have high dispersion among the insurance companies in Jordan as the standard deviations are high in comparison to the mean scores, and as there are noticeable differences between the minimum and the maximum values for all indicators.

Table 7: *Mean and Standard Deviations for Financial Performance Indicator*

Indicator	Minimum	Maximum	Mean	Std. Deviation
Loss ratio (%)	59.5	100.3	84.83	10.068
Operating profit margin (%)	-13.8	8.0	1.57	5.903
ROA (%)	-16.7	5.7	0.92	5.241
ROE (%)	-77.1	33.0	2.68	22.989

H1-1: The effect of employee engagement on loss ratio

Table 8 shows the model summary for the hypothesis H1-1, where the dependent variable is loss ratio and the predictors are the three dimensions of employee engagement. The table shows that 23.9% (Adjusted R-square=0.239) of the variation in the loss ratio is explained by the variation in the three dimensions of employee engagement.

Table 8: *Model Summary for the Hypothesis H1-1*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.504	0.254	0.239	0.06421

Table 9 shows the ANOVA table for the hypothesis H1-1. The table shows that the hypothesis is supported as *P*-value is less than the significant level ($\alpha=0.050$). Which means that there is a significant effect for employee engagement on loss ratio.

Table 9: ANOVA Table for the Hypothesis H1-1

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.212	3	.071	17.058	.000 ^b
	Residual	.623	150	.004		
	Total	.835	153			

a. Dependent Variable: Loss ratio

b. Predictors: (Constant), Absorption, Dedication, Vigour

H1-2: The effect of employee engagement on operating profit margin

Table 10 shows the model summary for the hypothesis H1-2, where the dependent variable is operating profit margin and the predictors are the three dimensions of employee engagement. The table shows that 55.5% (Adjusted R-square=0.555) of the variation in the operating profit margin is explained by the variation in the three dimensions of employee engagement.

Table 10: Model Summary for the Hypothesis H1-2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.751	0.564	0.555	0.033946

Table 11 shows the ANOVA table for the hypothesis H1-2. The table shows that the hypothesis is supported as *P*-value is less than the significant level ($\alpha=0.050$). Which means that there is a significant effect for employee engagement on operating profit margin.

Table 11: ANOVA Table for the Hypothesis H1-1

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.226	3	.075	65.469	.000 ^b
	Residual	.175	152	.001		
	Total	.401	155			

a. Dependent Variable: Operating profit margin

b. Predictors: (Constant), Absorption, Dedication, Vigour

H1-3: The effect of employee engagement on Return on Equity (ROE)

Table 12 shows the model summary for the hypothesis H1-3, where the dependent variable is ROE and the predictors are the three dimensions of employee engagement. The table shows that 48.4% (Adjusted R-square=0.484) of the variation in ROE is explained by the variation in the three dimensions of employee engagement.

Table 12: Model Summary for the Hypothesis H1-3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.703	0.494	0.484	0.104878

Table 13 shows the ANOVA table for the hypothesis H1-3. The table shows that the hypothesis is supported as *P*-value is less than the significant level ($\alpha=0.050$). Which means that there is a significant effect for employee engagement on ROE.

Table 13: ANOVA Table for the Hypothesis H1-3

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.642	3	.547	49.756	.000 ^b
	Residual	1.683	153	.011		
	Total	3.325	156			

a. Dependent Variable: ROE

b. Predictors: (Constant), Absorption, Dedication, Vigour

H1-4: The effect of employee engagement on Return on Assets (ROA)

Table 14 shows the model summary for the hypothesis H1-4, where the dependent variable is ROA and the predictors are the three dimensions of employee engagement. The table shows that 71.7% (Adjusted R-square=0.717) of the variation in ROA is explained by the variation in the three dimensions of employee engagement.

Table 14: Model Summary for the Hypothesis H1-4

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.850	0.722	0.717	0.020073

Table 15 shows the ANOVA table for the hypothesis H1-4. The table shows that the hypothesis is supported as *P*-value is less than the significant level ($\alpha=0.050$). Which means that there is a significant effect for employee engagement on ROA.

Table 15: ANOVA Table for the Hypothesis H1-4

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.159	3	.053	131.663	.000 ^b
	Residual	.061	152	.000		
	Total	.220	155			

a. Dependent Variable: ROA

b. Predictors: (Constant), Absorption, Dedication, Vigour

As a summary, employee engagement significantly affects financial performance and improves it by increasing the engagement of employees. More specifically, vigour, dedication, and absorption have positive and significant effects on improving ROE and ROA. Dedication and absorption have a positive impact on improving profitability (operating profit margin), while they also have negative and significant impacts on loss ratio. However, the effect of vigour on operating profit margin and loss ratio is insignificant.

Conclusions

This study examined the level of employee engagement and its effect on the organisational financial performance of Jordanian insurance companies. The insurance industry plays a significant role in Jordan's national economic stability and development. The insurance industry, however, needs engaged, committed and dedicated workers who are prepared to provide the highest quality of service they can provide to achieve the goals of the organisation.

The findings of this project showed that employee engagement significantly affects the organisational financial performance of Jordanian insurance companies. This finding is in line with published literature in other sectors (Markos and Sridevi, 2010).

The results show that the three dimensions of employee engagement (vigour, dedication, and absorption) have positive and significant effects on improving ROE and ROA, whereas dedication and absorption have a positive impact on improving profitability and mitigating financial losses. However, the effect of vigour on operating profit margin and loss ratio is insignificant. These findings build on what other researchers found (Al-dalahmeh et al., 2018).

More specifically, the results of this study showed a moderate level of employee engagement for the three dimensions of engagement (vigour, absorption and dedication) for the insurance industry operating in Jordan, even though we know now that employee engagement significantly affects the organisational performance.

Recommendations

Based on the findings of this study, leaders of organisations have a high impact on employee's engagement or disengagement in their jobs. Managers of insurance companies should focus on the major effect that employee engagement has on organisational success by enhancing the level of employee engagement across the organisation. This can be achieved by applying the following:

- Align efforts with strategy, by setting a clear strategy, vision and mission, in addition to empowering employees and encouraging them to participate in decision making. Strategy and goals have to include financial goals and customer-related goals. Insurance employees have to play a major role in achieving both goals.
- Create a culture that encourages and supports teamwork and collaboration; insurance employees lack team spirit and tend to work as individuals. Initiative needs to be created to build team spirit.
- Assist employees to develop and grow, by providing unlimited support and appropriate recognition with fair career development opportunities for all employees. This is a cash business, and a customer satisfaction based business, yet the insurance companies do not make serious efforts toward motivating their employees.
- Offer training and continuous career development to ensure employees remain engaged. This, in turn, would help employees to build self-confidence in their job skills and improve their engagement levels.
- Acknowledge employee engagement impact on the achievement of the organisation on a regular basis. By stressing and valuing organisational commitment towards enhancing the level of employee engagement across the organisation.
- Perform a regular evaluation of the level of employee engagement across the company by using engagement surveys containing a few questions for employees and giving them the opportunity to answer them anonymously, raising the chances of providing truthful, constructive and positive feedback to improve their level of engagement.
- Perform a quarterly performance review to link efforts exerted above with results.



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