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**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MANAGEMENT**  
**EMBA PROGRAM**

**The Mediating Role of Perceived Organizational Support in the Relationship  
between Job Characteristics and Employee Engagement:  
The case of Cooperative Bank of Oromia S.C.**

**In Partial Fulfillment of the Degree of Executive Master of Business Administration  
[EMBA]**

**By**  
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**June, 2019**  
**Addis Ababa**

## DECLARATION

I, the undersigned, declare that this study entitled “The Mediating Role of Perceived Organizational Support in the Relationship between Job Characteristics and Employee Engagement: The case of Cooperative Bank of Oromia S.C.” is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

Declared By:

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Date \_\_\_\_\_

## **CERTIFICATE**

This is to certify that Anwar Abrar Reshid has carried out his research work on the topic entitled, “The Mediating Role of Perceived Organizational Support in the Relationship between Job Characteristics and Employee Engagement: The case of Cooperative Bank of Oromia S.C.”. The work is suitable for submission for the award of the Degree of Executive Master of Business Administration [EMBA] at Addis Ababa University.

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## DECLARATION

This thesis, written by Anwar Abrar Reshid, entitled “The Mediating Role of Perceived Organizational Support in the Relationship between Job Characteristics and Employee Engagement: The case of Cooperative Bank of Oromia S.C. and submitted in partial fulfillment of the requirements for the degree of Executive Master of Business Administration [EMBA] complies with the regulation of the University and meets the acceptable standards.

Approved by Board of Examiners

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## **LIST OF ACRONYMS**

- CBO** : Cooperative Bank of Oromia S.C.  
**POS** : Perceived Organizational Support  
**SC** : Share Company  
**SD** : Standard Deviation  
**SPSS** : Statistical Package for Social Sciences

## **ABSTRACT**

*The objective of this study was to analyze /the Mediating Role of Perceived Organizational Support in the Relationship between Job Characteristics and Employee Engagement/. To achieve the objective of the study, established questionnaires were adapted from previous research works. Descriptive and explanatory research design was used to quantitatively analyze the relationship between the study variables. Stratified random sampling technique was used to select data from three strata of branches residing in Cooperative Bank of Oromia Addis Ababa area. Based on valid data collected from 224 employees of CBO, the overall analysis result of the study indicated that job characteristics has positive effect on employee engagement and on perceived organizational support. On the other hand, perceived organizational support is found to have positive effect on employee engagement. The study result also confirmed that perceived organizational support had a partial mediating role in the relationship between job characteristics and employee engagement. The overall implication of the study result is that since job characteristics has positive effect on employee engagement, and the effect is partially mediated by perceived organizational support; it is crucial for employers to work towards devising favorable job dimensions and enhance organizational support, in order to increase employee engaged level.*

**Key Words: Engagement, Mediation, Support, Bank**

## CHAPTER ONE

### 1.1 Introduction

In today's competitive business environment, companies are forced to utilize their human resource more efficiently and effectively in order to remain in the competition. The challenge today is not just retaining talented and skilled manpower; rather it requires fully engaging them, making them passionate and attached to their company. Nowadays, the term 'employee engagement' is gaining popularity because of its significant impact on employee outcomes and organizational effectiveness (Rasheed, Khan and Ramsan, 2013; Saks, 2006). As a result, it came out as an important driver of business success.

Employee engagement was first introduced by Kahn (1990). He defined employee engagement as *'the utilization of employees' selves to their work roles such that they employ and express themselves physically, cognitively, and emotionally during their job role performance.'* According to his definition, we can say that employees are engaged when they are physically associated with, cognitively attentive and emotionally attached to their job. Moreover, Schaufeli, Salanova, González-Romá & Bakker (2002) defined employee engagement as *'a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption.'*

Researchers proved that employee engagement has a significant effect on employee retention, productivity and organizational success (Harter, Schmidt, Agrawal, Plowman, Blue, 2016; Rich, Lepine and Crawford, 2010). In order to gain competitive advantage, organizations are considering employee engagement as their major agenda in their day to day operation. Therefore, to increase level of employee engagement and in turn increase organizational profitability; it is important to undertake research on the factors that actually drive employees to perform their level best. These days, organizations conduct employee engagement surveys periodically to identify drivers of employee engagement so that they can design intervention strategies to increase employee engagement level, which in turn increases the productivity, efficiency and retain best talent within the organization.

Among the various employee engagement drivers identified by researchers, job characteristics and perceived organizational are among the predictors identified by Saks (2006). According to Hackman and Oldham (1975), job characteristics refers to the potential of the job itself to drive employees to the desired psychological states which in turn determine whether the job motivates the workers to their peak performance and to experience feelings of satisfaction. Hackman and Oldham (1975) were among the pioneers to develop the job characteristics model. In their model, they have shown that favorable job characteristics has the potential to increase motivation, performance and satisfaction among employees.

Perceived organizational support, on the other hand, refers to the degree of employees' faith that the organization they work for values their contribution and cares for their wellbeing (Eisenberger, Huntington, Hutchison and Sowa, 1986; Eisenberger, Stinglhamber, Vandenberghe, Sucharski and Rhoades, 2002; Rhoades and Eisenberger, 2002; Yaghoubi, Pourghaz, Toomaj, 2014; Kurtessis, Eisenberger, Ford, Buffardi, Stewart and Adis, 2015). It is a type of support that builds up through the interaction of employees and agents of an organization. Rationally, when employees perceive that they are being cared for by their employer, they tend to respond positively by supporting the organization to achieve its goal.

Hence, the paper intends to contribute to the literature on the drivers of employee engagement by empirically analyzing the impact of job characteristics on employee engagement and the mediating role of perceived organizational support in the relationship between job characteristics and employee engagement. This study is expected to assist human resource practitioners and policy makers to understand the relevance of job characteristics and perceived organizational support for engaging employees. It is also expected to illuminate the importance of devising favorable job characteristics and the role of perceived organizational support on employee engagement.

## **1.2 Statement of the Problem**

In recent years, the topic of employee engagement is gaining attention in the world of Human Resource Management. It became popular because of its significant impact on employee outcomes and organizational effectiveness (Harter et al., 2016; Rasheed et al., 2013; Saks, 2006). Different researchers also verified that employee engagement is positively related with job satisfaction, job performance, organizational citizenship behavior and negatively related with turnover intention of employees (Prasongthan and Suveatwatanakul, 2017; Rasheed et al., 2013; Rich et al., 2010). It also exhibited a positive relationship with organizational performance; financial as well as non-financial (Otieno, Waiganjo & Njeru, 2015; Al-dalahmeh, Masa'deh, Abu Khalaf & Obeidat, 2018). Moreover, Harter et al (2016), who have undertaken a meta-analysis incorporating 339 research studies across 230 organizations in 73 countries, found out that the relationship between employee engagement and performance is substantial and highly generalizable across organizations.

Regardless of the aforementioned positive outcomes of employee engagement, the level of engagement worldwide is very low (Gallup, 2013). According to Gallup (2013) a study made in 142 countries, the percentage of full time adult employees, who are engaged at work – highly involved and enthusiastic about their work – is just 13%. The remaining 87% of employees worldwide are “not engaged” or “actively disengaged”. These are employees, who are emotionally disconnected from their workplaces and less likely to be productive. The study was also undertaken on 26 Sub-Saharan African countries and territories and found out that only 10% Sub-Saharan employees are engaged while the rest 90 % are “not engaged” or “actively disengaged” (Gallup, 2013).

Hence, in order to increase employee engagement level, it is important to study the drivers of employee engagement. Various researchers have identified a number of drivers that predict employee engagement. Saks (2006), for instance, identified job characteristics, perceived organizational, perceived supervisory support, rewards and recognition, procedural justice and distributive justice. Other scholars have also identified leadership, training and development, team and co-worker support and work environment

as antecedents of employee engagement (Evelyn and Hazel, 2015; Ezam, Ahmad and Hyder, 2018; Anitha, 2014).

Among the diverse engagement predictors, job characteristics is one of the drivers identified by researches. Its dimensions, according to Hackman and Oldham (1975), are task variety, task identity, task significance, autonomy and feedback. Researchers have shown that job characteristics affects employee engagement positively (Saks, 2006; Puteh, 2017; Arun Kumar & Renugadevi, 2013; and Na-Nan, 2016). Favorable job characteristics can also serve as internal motivational factor that enhance employees' satisfaction and interest towards their work. In addition, it is also a cause for concern, because, in their study, Truss, Baron, Crawford, Debenham, Emmott, Harding, Longman, Murray & Totterdill (2014) found out that *'the single most important factor for high levels of engagement was doing a job that is challenging and varied and which makes a meaningful contribution.'* In addition, Fairlie (2011) investigated the role of meaningful work in engagement and other employee outcomes such as burnout, job satisfaction, organizational commitment, and turnover cognitions and found out that meaningful work characteristics is the strongest unique predictor of engagement.

Though there are studies undertaken on drivers of employee engagement, to the author's knowledge, there are no studies regarding the mediating role of perceived organizational support in the relationship between job characteristics and employee engagement in Ethiopia, especially in the banking sector. Moreover, as confirmed by Derara (2014), academic as well as empirical researches with regard to employee engagement in Ethiopian context are also very limited. As a result, we can say that there exists a gap in knowledge regarding the construct. Besides, less is known about the possible factors that predict employee engagement (Saks, 2006). In addition, the construct requires expansion in terms of its relation with its predictors and mediators, in the context of Ethiopian banks. Thus, to fill such gap more academic research that focuses on the drivers of employee engagement such as job characteristics along with mediating effect of perceived organizational support is necessary.

Therefore, considering the existing gap, this study is interested to study the impact of job characteristics on employee engagement, and the mediating role of perceived organizational support in the relationship between job characteristics and employee engagement among CBO (Cooperative Bank of Oromia) employees.

### **1.3 Objective of the Study**

- The general objective of the study is to determine the effect of job characteristics on employee engagement; and if perceived organizational support has a mediating role on the effect of job characteristics on employee engagement among employees of Cooperative Bank of Oromia.

The specific objectives are as follows:

- To assess the effect of job characteristics on employee engagement.
- To assess the mediating role of perceived organizational support in the effect of job characteristics on employee engagement?

### **1.4 Research Hypotheses**

Based on the theoretical and empirical arguments explained in chapter two, the following hypotheses are proposed:

**H<sub>1</sub>:** Job characteristics has positive effect on employee engagement.

**H<sub>2</sub>:** Job characteristics has positive effect on perceived organizational support.

**H<sub>3</sub>:** Perceived organizational support mediates in the effect of job characteristics on employee engagement?

**H<sub>4</sub>:** Perceived organizational support has positive effect on employee engagement.

### **1.5 Significance of the Study**

- As to the researcher's knowledge, there are no previous studies conducted specifically on the mediating role of perceived organizational support in the relationship between job characteristics and employee engagement in Ethiopian banking context. Therefore, the study could serve as a baseline and secondary source of data for those who want to pursue further investigation in this specific area.
- The results of the study would have practical significance by serving as an input for the bank's decision makers while devising policies that enhance engagement level of employees.

### **1.6 Scope of the Study**

Different scholars have proposed a number of drivers that predict employee engagement which include job characteristics, perceived organizational, perceived supervisory support, rewards and recognition, procedural justice, distributive justice, leadership, training and development, team and co-worker support and work environment (Saks,2006; Evelyn and Hazel, 2015; Ezam et al., 2018; Anitha, 2014).

This study, however, focused only on one determinant, that is job characteristics and the mediating role played by perceived organizational support in the relationship between job characteristics and employee engagement. Due to limited time and resources, the study is undertaken in Cooperative Bank of Oromia branches residing in Addis Ababa area. Nevertheless, the recommendation drawn could help to get an insight on the relevance of job characteristics and perceived organizational support for engaging employees.

## CHAPTER TWO

### REVIEW OF RELATED LITRETURE

This chapter presents review of relevant theoretical as well as empirical literatures. The theoretical literature begins with definition of employee engagement and relevant theoretical rationale which support this research. The chapter ends up with the presentation of conceptual framework which served as a road map towards realizing the objectives of the study.

#### 2.1 Theoretical Review

##### 2.1.1 Overview of Employee Engagement

Employee engagement has come out as a vital driver of business success in today's competitive marketplace (Harter et al., 2016). It became popular because of its link with organizational performance. In study undertaken by Gallup (2008), it is attested that *'engaged employees are more profitable, more customer-focused, safer, and more likely to withstand temptations to leave the organization.'* However, the construct has its basis in practice and practitioner journals rather than theory and empirical research. Robinson, Perryman & Hayday (2004), also noted that the topic is one of the least academically and empirically researched concepts.

Employee engagement is defined by various authors in different ways. Kahn (1990) is one of the foremost researchers to introduce the concept. He defined employee engagement as *"the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances"*.

Another definition is by Rothbard (2001), he defined engagement as psychological presence involving two critical components: attention and absorption. Accordingly, he

defined attention as *'cognitive availability and the amount of time one spends thinking about a role'* whereas absorption means *'being engrossed in a role and refers to the intensity of one's focus on a role.'*

Hewitt (2015) also defined employee engagement as *'the state in which individuals are emotionally and intellectually committed to the organization or group, as measured by three primary behaviors: Say, Stay and Strive.* 'Consequently, 'say' is explained as how engaged employees positively express their organization to their fellow workers, potential employees and customers; 'Stay' refers to the eagerness and intense desire of engaged employees to be part of the organization in spite of various opportunities available to them and; 'Strive' refers to exertion of extra effort and contribution towards achievement of organizational goals (Hewitt, 2015).

Moreover, Schaufeli et al. (2002:74) defined employee engagement as *'a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption: Vigor is characterized by high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties. Dedication is characterized by a sense of significance, enthusiasm, inspiration, pride, and challenge. Absorption is characterized by being fully concentrated and happily engrossed in one's work, whereby time passes quickly and one has difficulties with detaching oneself from work.'*

On the other hand, burnout researchers define engagement as the positive antithesis of burnout. In this regard, Maslach and Leiter (2007) defined engagement as a *'state of high energy, strong involvement, and a sense of efficacy.'* These concepts (energy, involvement and efficacy) are considered as the direct opposites of burnout components: exhaustion, cynicism and inefficacy respectively. *'Exhaustion refers to feelings of being over extended and depleted of one's emotional and physical resources; Cynicism refers to a negative, hostile, or excessively detached response to the job, which often includes a loss of idealism; and, inefficacy refers to a decline in feelings of competence and productivity at work'* (Maslach, Schaufeli, Leiter, 2001).

Various researchers as well as human resource practitioners and scholars defined engagement in different ways. Therefore, it is important to choose operational definition for this study. Hence, depending on the research objective, the researcher used operational definition of engagement, as *'a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption'* (Schaufeli et al., 2002).

### **2.1.2 Theoretical Rationale for Employee Engagement**

Cropanzano & Mitchell (2005) suggested that the most influential conceptual paradigms for understanding work place behavior, such as employee engagement, is Social Exchange Theory (SET). The principle of SET states that obligations are generated through frequent interaction between parties who are in state of reciprocal interdependence. According to SET tenets, it is suggested that *'relationships develop over time into trusting, loyal, and mutual commitments as long as the parties abide by certain "rules" of change'* (Cropanzano & Mitchell, 2005). The tenet is explained by Xanthopoulou, Bakker, Demerouti & Schaufeli (2009) as beneficial and fair social exchange that builds into strong relationships that yield effective work behaviors and positive employee outcomes.

In consonance with reciprocity norm, when employees receive various kinds of resources from their employer, they most likely feel obliged to repay and respond amicably. In this regard, Saks (2006) suggested that *'one way for individuals to repay their organization is through their level of engagement. That is, employees will choose to engage themselves to varying degrees and in response to the resources they receive from their organization'*. This implies that employees respond by engaging themselves in exchange of resources and benefits provided by their employer. Therefore, when employees are provided with favorable job resources, support and benefits, they are more likely to reciprocate by displaying higher levels of engagement. On the other hand, when organizations fail to provide these resources, employees would possibly disengage themselves from their roles. Concerning this, Khan (1990) explained that the extent of cognitive, emotional, and physical resources that an employee is ready to offer in performance of one's work roles

is dependent on the economic and socio-emotional resources provided by the organization.

Therefore, based on Saks (2006) recommendation and review of the social exchange theory (SET), it is found out that SET is the most appropriate theoretical rationale for explaining employee engagement.

### **2.1.3 Mediation**

Baron and Kenny (1986, p.1173) defined mediation as '*the generative mechanism through which the focal independent variable is able to influence the dependent variable of interest*'. Mediation represents the addition of a third variable in the relationship between an independent and dependent variable, whereby the independent variable causes the mediator and the mediator causes the dependent variable (MacKinnon D. P., Fairchild A. J. and Fritz M. S., 2007). In other words, the investigation of mediation specifies a chain of relations by which an antecedent variable affects a mediating variable, which in turn affects a dependent variable.

One of the approaches to statistical mediation analysis is called the causal steps approach, which is based on the influential work of Baron and Kenny (1986). First, the independent variable should significantly affect the dependent variable. Second, the independent variable should significantly affect the hypothesized mediating variable. Third, the mediating variable must significantly affect the dependent variable, controlling for the independent variable. Finally, the relation between the independent variable and the dependent variable should be weaker when the mediating variable is added to the model (Baron and Kenny, 1986).

#### **2.1.4 Job Characteristics and Employee Engagement**

Hackman and Oldham (1975) were among the pioneers to provide theoretical explanation on the link between job characteristics and employee behavior. The authors argue that favorable job characteristics have the potential to promote employee motivation and productivity when a favorable core psychological state is present for an employee (i.e. experienced meaningfulness of the work, experienced responsibility for outcomes of the work, and knowledge of the results of the work activities). The authors identified five job attributes that can contribute to the desired “critical psychological states”, which in turn positively influence employee productivity. These job attributes include: skill variety, task identity, task significance, autonomy and job feedback. Skill variety refers to the level of differentiated skills, activities and ability a certain job requires; task identity refers to a job that requires an employee to execute a task from the beginning to an end, task significance refers to the impact of a certain job on lives of others; autonomy refers to the degree to which a certain job provides an individual the freedom and control in executing it and; feedback is the degree to which a certain task activity results in an individual to obtain direct and clear information about the effectiveness of the employee’s performance (Hackman and Oldham, 1975).

The theoretical model developed by Hackman and Oldham (1975) predicted a positive impact of favorable job characteristics on employee performance and motivation. On the other hand, based on social exchange tenet, employees and employers are in a mutual and complementary relationship (Cropanzano & Mitchell, 2005). This implies that if employees perceive that they are taken care of by their employers through favorable job characteristics (i.e. challenging, varied and which makes a meaningful contribution), then they would likely respond by applying discretionary effort into their work in the form of engagement (Kahn, 1990). In addition, various researchers have also empirically tested that job characteristics affects employee engagement positively (Puteh, 2017; Kariuki and Makori, 2015; Van den Broeck, Vansteenkiste, De Witte, & Lens, 2008; Schaufeli and Bakker, 2004). Moreover, May, Gilson & Harter (2004) suggested that job enrichment affects meaningfulness positively; and meaningfulness mediated the relationship between

job enrichment and engagement. Therefore, based on existing literatures, the researcher proposed the following hypothesis.

**Hypothesis 1:** Job characteristics has positive effect on employee engagement.

### **2.1.5 Perceived Organizational Support (POS)**

In accordance with organizational support theory (OST), perceived organizational support (POS) refers to the degree of employees faith that the organization they work for value their contribution and cares for their wellbeing (Eisenberger et al., 1986; Eisenberger, Cummings, Armeli, and Lynch, 1997; Rhoades & Eisenberger, 2002; Allen, Shore and Griffeth, 2003; Maertz, Griffeth, Campbell and Allen, 2007). The theory, according to Rhoades and Eisenberger (2002), specifies three fundamental processes: first, rooted in the social exchange theory, employees who perceive organizational support develop a feeling of being obligated to reciprocate towards the organization; second, POS assists to realize socio-emotional needs such as needs for esteem, approval, and affiliation; lastly, POS helps to determine the intention and readiness of the organization to reward efforts exerted by employees on its behalf. More specifically, organizations that give more support and care for their employees are rewarded with enhanced dedication of employees towards their work in accordance with SET principles. Consequently, POS is found to have an impact on employees' felt obligation to assist the organization, and the impact is also stronger among employees who strongly recognized the norm of reciprocity in the employee–employer relationship (Eisenberger, Armeli, Rexwinkel, Lynch and Rhoades, 2001).

On one hand, researchers considered POS as an important construct because of its multifaceted impact on employee outcomes. For instance, we can consider its positive impact on employee engagement (Saks, 2006; Aktar and Pangil, 2017), organizational citizenship behavior (Nisar, Marwa, Ahmad U., Ahmad S., 2014), job satisfaction (Eisenberger et al., 1997) and its negative impact on turnover intentions (Allen et al., 2003). A number of researchers have also proved that POS has statistically significant

positive relationship with employee engagement (Murthy, 2017; Saks, 2006; Dai and Qin, 2016; Abed and Elewa, 2016; Kraljand Solnet, 2011; Chass and Balu, 2018).

On the other hand, level of POS itself is determined by various factors. Eisenberger, Stinglhamber, Vandenberghe, Sucharski & Rhoades (2002) found out perceived supervisory support as an antecedent of POS. Rhoades and Eisenberger (2002) identified favorable job conditions, fairness, supervisor support and organizational rewards as antecedents of POS. Reynolds and Helfers (2018) have also studied the relationship between job characteristics and POS and witnessed job characteristics as one of the predictors of POS. Moreover, Allen, Armstrong, Reid & Riemenschneider (2008) proved that job characteristics is an antecedent of POS.

In addition, various researchers witnessed that POS played a mediating role between different variables. For instance, Eisenberger et al., (2002) suggested that POS completely mediated the negative relationship between perceived supervisory support and employee turnover. Moorman, Blakely & Niehoff (1998) study result also confirmed procedural justice as an antecedent to perceived organizational support, which in turn fully mediates its relationship to organizational citizenship behavior.

Thus, in line with existing literature it wouldn't be surprising to hypothesize that POS is positively related with employee engagement, with job characteristics; and play a mediating role in the relationship between job characteristics and employee engagement.

Therefore, based on the theoretical and empirical arguments explained above, the following hypotheses are drawn.

**H<sub>2</sub>:** Job characteristics has positive effect on perceived organizational support.

**H<sub>3</sub>:** Perceived organizational support mediates in the effect of job characteristics on employee engagement?

**H<sub>4</sub>:** Perceived organizational support has positive effect on employee engagement.

## **2.2 Empirical Review**

### **2.2.1 Job Characteristics and Employee Engagement**

Saks (2006) studied the relationship between job characteristics and job engagement by taking a sample of 102 employees with an average work experience of four years, working in different jobs and organizations in Canada. In his study, he identified job characteristics as a significant predictor of job engagement. Khan (1990) also specified that psychological meaningfulness can be obtained from task characteristics that provide challenging, varied and autonomous work, that require different skills and give the opportunity to make important contributions. He also noted that jobs with favorable core job characteristics have the potential to motivate employees to be more engaged (Kahn, 1990). Fairlie (2011) investigated the role of meaningful work in engagement and other employee outcomes such as burnout, job satisfaction, organizational commitment, and turnover cognitions; and found out that meaningful work characteristics was the strongest unique predictor of engagement.

Ram and Prabhakar (2011) in their investigation of the antecedents and consequences of employee engagement in Jordanian industry affirmed strong positive correlation between employee engagement and job characteristics. In their study, respondents with jobs designed to utilize their skill sets, and whose work was significant in the final outcome exhibited a stronger affective engagement at work.

Shantz, Alfes & Latham (2014) tried to identify the drivers of employee engagement using sample of 283 employees in UK based on the Hackman and Oldham's (1975) job characteristics model (JCM) which identified five core job features: task variety, task identity, task significance, autonomy and feedback. Their finding demonstrated that task variety has the strongest relationship with employee engagement. In addition, task significance, autonomy and feedback exhibited a positive relationship with engagement, but task identity was not positively related to engagement.

Moreover, Christian, Garza and Slaughter (2011), in their meta-analysis demonstrated that four of the five job characteristics, namely, task variety, autonomy, significance and feedback are all positively related to engagement. Castellano (2015) also affirmed employees' positive reaction to the five core job dimensions: skill variety, task identity, task significance, autonomy and feedback. He also added employees who enroll in jobs that are high in these dimensions express high work motivation, satisfaction, and attendance. In addition, job enrichment has also been proved to be positively related to meaningfulness, and meaningfulness in turn mediated the relationship between job enrichment and engagement (May et al., 2004).

### **2.2.2 Perceived Organizational Support and Employee Engagement**

Murthy (2017) investigated the relationship between perceived organizational support and work engagement among employees using a sample of 345 full time employees drawn from nine different organizations. The result of the study revealed that perceived organizational support has a significant relationship with work engagement; implying the importance of perceived organizational support for enhancing work engagement among the employees. Based on the outcome of the study, he also indicated that organizations should go beyond the formal contractual agreement that existed between the employee and employer, and provide employees with adequate financial and psychological support to make them feel that the organization they work for recognizes their effort and cares for their well-being. He further notes that such concern for employees enables development of perceived organizational support among employees, which will in turn enhance their work engagement resulting in increased organizational effectiveness.

Saks (2006) in his study, comprising a sample of 102 employees working in a variety of jobs and organizations with an average age of 34, to empirically test the model of antecedents and consequences of job and organizational engagements, found out that POS predicted job and organization engagement. In addition, using a sample of 350 respondents in a total of 52 companies from different provinces and regions in China, Dai & Qin (2016) found out that organizational support significantly affects employee

engagement. Based on the study, they noted that when employees perceive the support from their organization, their sense of belongingness will be strengthened and tend to work harder.

Abed & Elewa (2016) tried to assess the relationship between organizational support, work engagement and organizational citizenship behavior as perceived by staff nurses at different hospitals using a sample of 257 nurses. They found out that there is significant correlation between perceived organizational support and work engagement. Moreover, a correlation analysis done by Chass & Balu (2018) also revealed that there exists a strong positive correlation between perceived organizational support and employee engagement. Kralj & Solnet (2011) in their study which included 20 Queensland hospitality businesses in Australia found out that the effect of perceived organizational support on engagement is strong and significant. They also noted that efforts to increase perceptions of organizational support should, therefore, have positive effects on engagement.

### **2.2.3 Job characteristics and Perceived Organizational Support**

Reynolds and Helfers (2018) studied the relationship between job characteristics and POS using a sample 1861 officers whether their perceptions of POS significantly differ based on varying job characteristics. The result revealed that POS was positively related with job characteristics. Allen et al. (2008) also investigated workplace factors that influence POS within an IT work environment. They studied the relationship between job characteristics, job stressors (work exhaustion, role conflict, and role ambiguity), and the organization's discretionary actions (pay-for-performance and mentoring opportunities) using regression analysis. The result revealed that job characteristics is an antecedent of POS, in addition to job stressors and the organization's discretionary actions. Rhoades and Eisenberger (2002) also identified favorable job conditions as an antecedent of POS in addition to fairness, supervisor support and organizational rewards.

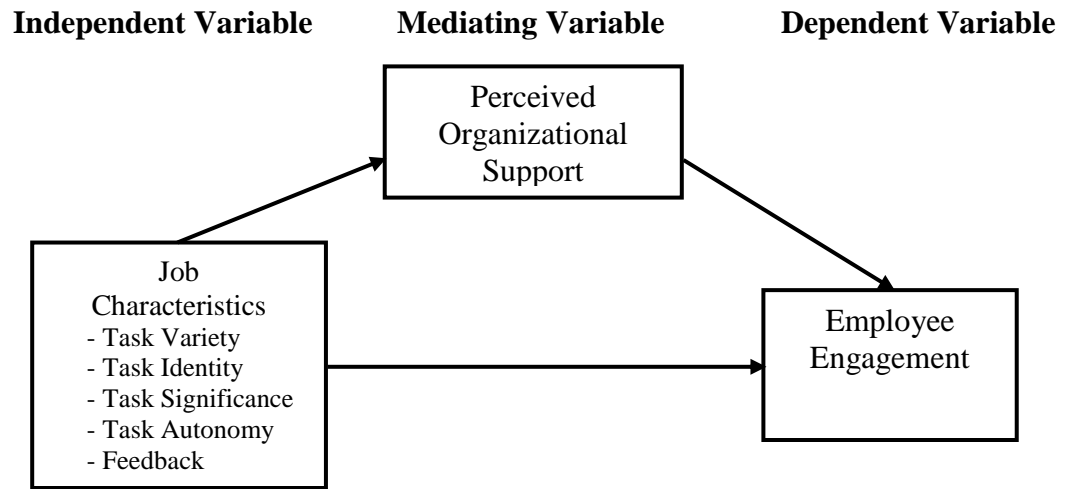
## 2.3 Conceptual Framework

Available literature review shows that job characteristics has positive and significant effect on employee engagement (Saks, 2006; Shantz et al., 2013; Castellano, 2015; Christian et al., 2011; May et al., 2004; Fairlie, 2011; Khan, 1990; Ram and Prabhakar, 2011). In addition, literature confirmed that job characteristics has positive and significant effect on perceived organizational support (Reynolds and Helfers 2018; Allen et al, 2008; Rhoades and Eisenberger (2002). Similarly, the effect of POS on job characteristics is positive and significant (Murthy, 2017; Saks, 2006; Dai and Qin, 2016; Abed and Elewa, 2016; Kraljand Solnet, 2011; Chass and Balu, 2018).

According to MacKinnon et al. (2007), mediation represents the addition of a third variable in the relationship between an independent and dependent variable, whereby the independent variable causes the mediator and the mediator causes the dependent variable. As explained above, the independent variable (job characteristics) causes the mediator (POS), and mediator (POS) causes the dependent variable (employee engagement).

Therefore, based on the overall review of existing literature, the following conceptual model in which this study is governed is developed. As shown in figure 1 the hypothesized conceptual framework model shows job characteristics (independent variable), perceived organizational support (Hypothesized Mediator) and employee engagement (dependent variable).

**Figure 1** Conceptual Framework



**Source:-** Own literature review

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

In order to achieve the objective stated in the preceding section, this chapter presents the methodology followed by the researcher. Specifically the study area, the research design utilized, the target population and sampling technique used, the research approach followed in collecting data and the statistical techniques used in analyzing the collected data has been presented.

#### **3.1 The Study Area**

The study area is Cooperative Bank of Oromia S.C. (CBO). It is one of the seventeen banks operating in Ethiopian. The bank was officially registered on 24th October, 2004 in accordance with article 304 of Commercial Code of Ethiopia. It was established in line with proclamation number 84/1994 with an authorized capital of ETB 300 million. It commenced operation on 8th March 2005, with paid up share capital of birr 112 million. As at June 30, 2018, the paid up capital of the bank reached Birr 1.6 billion with 298 branch networks, 4.2 million deposit accounts, 29.89 billion assets, 2,451 agents and 74,826 cardholders. The number of employees also reached 3,505 (CBO, 2017/18 annual report).

#### **3.2 Research Design**

The research design used in this study is both descriptive and explanatory research. Descriptive study was undertaken in order to establish and be able to describe the characteristics of the variables of interest in the study (Kohtari, 2004). Explanatory research, on the other hand, was used to explain, understand and predict the cause and effect relationship between the variables (Neuman, 2014) that is job characteristics (independent variables), perceived organizational support (mediating variable) and employee engagement (dependent variable).

### **3.3 Research Approach**

In the study quantitative research approach was applied by undertaking cross sectional field survey by collecting data through questionnaire from sample of respondents. Data collected was analyzed, and based on the analysis output; generalization about the population was made.

### **3.4 Target Population, Sample Size and Sampling Technique**

#### **3.4.1 Target Population**

The target population for this study was all professional permanent employees of Cooperative Bank of Oromia S.C who work in Addis Ababa branches. The total target population constituted 764 professional staff members from 72 branches residing in Addis Ababa. Due to limited time and resource, the researcher selected representative sample from the population.

#### **3.4.2 Sample Size**

Efficient sample size determination method is needed in order for a sample to be representative of a given population. In the article “Small Sample Techniques,” National Education Association research division has published a formula for determining sample size (Krejcie & Morgan, 1970). In order to determine the required sample size when population is known the formula used is as follows:

$$S = \frac{X^2NP(1-P)}{d^2(N-1) + X^2P(1-P)}$$

Where:

$S$  = required sample size.

$X^2$  = the table value of chi-square for 1 degree of freedom at the desired confidence level which is 3.841(=1.96\*1.96)

$N$  = the population size.

$P$  = the population proportion (assumed to be .50 since this would provide the maximum sample size).

$d$  = the degree of accuracy expressed as a proportion (0.05); it is margin of error.

Accordingly, using the aforementioned formula, out of 764 target population, the calculated sample size used in the study was 256.

### 3.4.3 Sampling Technique

In this study, the researcher used proportionate stratified random sampling technique in which all branches residing in Addis Ababa were classified in to three strata or categories based on customer base and transaction volume as Grade I, Grade II, and Grade III where Grade I refers the smallest grade and Grade III refers the highest grade.

Total number of employees in each stratum was identified and percentage proportion was calculated. Based on the proportion calculated, total number of sample drawn from each stratum was determined. Accordingly, individual samples were randomly selected from each stratum using simple random sampling technique.

**Table 1** Proportionate Stratified Simple Random Sampling

Category/ Stratum	No. of Branches in Each Stratum	Total No. of Employees in Each Stratum	Employee Proportion	No. of Selected Employees
Grade I	25	175	22.91%	59
Grade II	38	418	54.71%	140
Grade III	9	171	22.38%	57
<b>Total</b>	<b>72</b>	<b>764</b>	<b>100.00%</b>	<b>256</b>

Source: - CBO, Human Resource Process (2018)

### **3.5 Data Sources and Collection Instrument**

The principal source of data for the research was primary data. Data was collected through closed ended questionnaire from the randomly selected sample of professional employees of Cooperative bank of Oromia situated in Addis Ababa city. The questionnaire was adopted from existing literatures. Questions regarding job characteristics were adopted from Hackman and Oldham (1980) Job Diagnostic survey; POS questions were adopted from eight-items scale POS questionnaire developed by Eisenberger et al. (1997) and employee engagement questions were adopted from shortened version of Utrecht Work Engagement Scale–9 [UWES-9]) developed by Schaufeli & Bakker (2003). All questions were formed in a five point Likert scale such as: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree which allows respondents to indicate their level of agreement with the statements provided.

The questionnaire contained two sections. Section one was about the general demographic information of the respondents that covers age, gender, educational level, length of service years, marital status, number of children and occupational status of the respondents. Section two consisted of questions regarding the independent variable (Job Characteristics), the mediating variable (POS) and the dependent variable (employee engagement).

As far as the procedure of data collection is concerned the questionnaire were distributed to the randomly selected sample of individual employees of Cooperative Bank of Oromia situated in Addis Ababa and were collected physically from the respondents at their site by the researcher. The questionnaire was also pre-tested based on pilot study, to guarantee a common understating of questions among respondents.

### **3.6 Analysis Method**

Once data was collected, statistical technique was employed to analyze the data. Descriptive as well as inferential statistics was employed. Descriptive statistics helps to describe the characteristics of the variables of interest in the study (Kohtari, 2004), and

hence used to describe the general information about the respondents' demographic situation such as frequency distribution, mean and standard deviations. For inferential statistics Pearson correlation and regression analysis were employed to test for correlation, and cause and effect relationships among the variables using SPSS Version 20.

Prior to hypothesis testing preliminary data analysis was conducted. In addition, before undertaking the regression analysis, model specification was made based on the hypotheses. In order to test the hypotheses linear regression analysis was conducted. Furthermore, since the research involves mediator variable, Baron and Kenny's (1986) model for mediation testing was used as a guiding framework. According to the model, to establish mediation, the following conditions must hold: These are (i) the independent variable must significantly affect the dependent variable in model 1; (ii) the independent variable must significantly affect the mediator in model 2; (iii) the mediator must significantly affect the dependent variable in model 3; and finally (iv) the independent variable must predict the dependent variable less strongly in model 3 than in model 1 (Baron and Kenny, 1986; Field, 2013).

Therefore, based on the model, mediation was tested through three regression models. In the first model, the effect of the independent variable (job characteristics) on the dependent variable (Employee Engagement) was tested; second, the effect of the independent variable (job characteristics) on the mediator variable (Perceived Organizational Support) was tested; third, the effect the independent variable (job characteristics) and the mediator (POS) together on the dependent variable (employee engagement) was tested. Finally, the effect of the mediator (POS) on dependent variable (employee engagement) was tested and results were analyzed and discussed.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

In this chapter data collected from sample respondents through questionnaire was analyzed and interpreted. The chapter is divided into six major sections. The first section explains about the response rate of the questionnaires. The second section describes about demographic profiles of the respondents followed by demonstration of the descriptive statistics. The fourth section explains about reliability test followed by preliminary test and correlation analysis. The final section presents analysis, interpretation and discussion of the results of regression analysis.

#### **4.1 Response Rate of Questionnaire**

Based on the sample size determined in the study, 256 questionnaires were distributed to the sampled respondents. Out of the total questionnaires distributed, 224 (88%) valid questionnaires were obtained and used for the analysis.

#### **4.2 Demographic Profile of the Respondents**

This section addresses frequency analyses of the demographic profile of respondents of study which include age, gender, educational qualification, service years in CBO, marital status, number of children and occupational status. The outcome of the frequency analysis is presented in Table 2 below.

**Table 2** Frequency Table of Demographic Profile of the Respondents

	Description	Frequency	Percent
Age	18-25 Years	61	27.4
	26-35 Years	126	56.5
	36-45 Years	36	16.1
Gender	Male	135	61.1
	Female	76	38.9
Education	College Diploma	4	1.8
	First Degree	196	87.5
	Second Degree & Above	24	10.7
Service Years	Below 3 Years	101	46.5
	4-6 Years	56	25.8
	7-10 Years	35	16.1
	Above 10 Years	25	11.5
Marital Status	Single	118	53.4
	Married	98	44.3
	Divorced	4	1.8
	Widowed	1	0.5
Occupational <sup>1</sup> Status	Graduate Trainee (GT)	31	14.4
	Customer Service Officer (CSO)	75	34.7
	Senior Customer Service Officer (CSO)	36	16.7
	Customer Relation Officer (CRO)	12	5.6
	Internal Controller (IC)	12	5.6
	Customer Service Manager (CSM)	22	10.2
	Branch Manager (BR)	28	13.0

Source: Researcher's survey data output (2019)

The study results showed 56.5% of the respondents belong to 26 to 35 years of age group and 27.4% belong to 15 to 25 years of age group. The remaining 16.1% reported they belong to 36 to 45 years of age group. The result indicates that even though majority of the respondents belong to 26 up to 35 years age group, other age groups are also fairly incorporated in the study. This implies that the respondents were comprised of varied age groups; which in turn enabled the researcher to get diverse responses across the sample units. Hence, the study did not suffer from age group bias.

From the total respondents of the survey 61.1% were males and 38.9% were females. This implies that both genders were involved fairly in the study and thus the finding of the study did not suffer from gender bias.

The study result indicated that 87.5% of the respondents level of education was first degree, 10.7% of the respondents reported their level of educational was second degree and above, the remaining 1.8% of the respondents' level of education was college diploma. As indicated in table 2, 98.2% of the respondents reported to have first degree and above. This implies that majority of the respondents can easily understand and fill out the questionnaires.

The study result revealed that 46.5% of the respondents have less than 3 years' service at CBO, 25.8% of the respondents reported that they served the bank for a period ranging from 4 to 6 years, 16.1% reported that they have served between 7 to 10 years and the remaining 11.5% responded that they had served above 10 years in CBO. The frequency analysis result of the employee service year indicates majority of the respondents have less than three years' experience. This implies that majority of the respondents are young and at their early stage of career. This is because of branch structures, whereby lower level career employees (i.e. customer service officers and graduate trainees) are ample in number and the number gets smaller with regard to experienced supervisory level positions.

Concerning the marital status of the respondents, 53.4% were single, 44.3% were married, 1.8% were divorced and remaining 0.5% were widowed. This implies that the proportion of single and married respondents was fairly distributed.

Regarding occupational status, the study result revealed that 34.7% of the respondents work in the position of customer service officer (CSO), 16.7 % work as Senior Customer Officer (SCSO), 14.4% serve as Graduate Trainee (GT), 13 % as Branch Manager (BM), 10.2% as Customer Service Manager (CSM), 5.6% as Customer Relation Officer (CRO) and the rest 5.6 % as Internal Controller (IC). From this we can understand that, most of

the respondents are customer service officers, which obviously take the largest number in any conventional bank branch setting. Though, we can conclude that the sample incorporated different career positions, which enabled to obtain varied responses.

### 4.3 Descriptive Statistics of Variables

The descriptive statistics of the study variables were summarized and presented in table 3 below revealing the mean and standard deviation of the variables. The average score from the 5-point Likert scale with 5 referring strongly agree and 1 referring strongly disagree was computed for all the variables to show the proportion of the respondents that either strongly agreed or disagreed with the items of the variables. Where the mean for the variable is more than half of the 5 point Likert scale (i. e. 2.5) the respondents' agreed and where the mean for the variable is less than half of the 5 point Likert scale (i. e. 2.5) the respondents' disagreed.

**Table 3** Descriptive Statistics of Variables

Description	N	Mean	SD
Job Characteristics	224	3.3487	.43350
POS	224	2.9795	.55580
Engagement	224	3.6259	.60144

Source: Researcher's survey data output (2019)

As indicated in table 3, the mean score of job characteristics was 3.35, which is greater than the average score on a 5 point Likert scale, while the standard deviation (SD) was 0.43. This result indicates that majority of the respondents agreed that the job they do has favorable characteristics. In other words, majority of the respondents experienced meaningfulness of the work, experienced responsibility for outcomes of the work, and knowledge of the results of the work activities.

Similarly, the mean score of perceived organizational support (POS) is 3.00 (SD = 0.56) above average of 5 point Likert scale. The result implies that on average majority of the respondents agree and have faith that the organization they work for value their

contribution and cares for their wellbeing. In other words, majority of the respondents believed that they receive support from the organization they work for.

The mean score of employee engagement is also 3.63 (SD = 0.60), which is greater than the average score on a 5 point Likert scale. This implies that on average majority of the employees were engaged in their jobs. In other words, majority of the employees are vigorous, dedicated and absorbed towards their jobs.

#### 4.4 Reliability Test

Reliability is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the goodness of a measure (Sekaran and Bougie, 2016). In conducting the reliability test, the researcher retrieved Cronbach's alpha values using SPSS Version 20 for the items in each construct as indicated table 4 below. According to Sekaran and Bougie (2016) reliabilities less than 0.60 are considered to be poor, those in the 0.70 range, acceptable, and those over 0.80 good.

**Table 4** Reliability Analysis

S. No.	Variables of the Study	No. of Items	Cronbach's Alpha Value
1	Job characteristics	25	0.810
2	Perceived Organizational Support (POS)	8	0.650
3	Engagement	9	0.857

Source: Researcher's survey data output (2019)

As indicated in table 4, the Cronbach's alpha coefficients for job characteristics and employee engagement is above 0.80 which shows good reliability of the variables of measurement. However, the Cronbach's alpha coefficient of perceived organizational support is 0.65 but above 0.60, which is still in an acceptable range. Thus, the overall reliability of the measures used in this study can be considered acceptable.

## 4.5 Correlation Analysis

The purpose of this analysis is to explore the strength as well as the direction of the relationship among the study variables namely job characteristics (i.e. the independent variable), perceived organizational support (i.e. the mediator variable) and employee engagement (i.e. dependent variable), Pearson correlation analysis was used to explore the relationships. The results are summarized in the table below:

**Table 5** Pearson Correlation Matrix (with all variables)

Description		1	2	3
		Job characteristics	POS	Engagement
1	Job characteristics	1		
2	POS	0.477**	1	
3	Engagement	0.466**	0.448**	1

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

Source: Researcher's survey data output (2019)

As we can see from table 6, job characteristics was positively and significantly correlated with employee engagement (0.466,  $p \leq 0.01$ ). In addition, the correlation between job characteristics and perceived organizational support was positive and significant (0.477,  $p \leq 0.01$ ). Moreover, the correlation between perceived organizational support and employee engagement was positive and significant (0.448,  $p \leq 0.01$ ).

According to Cohen (1988) effect size standards, correlation coefficients  $< \pm 0.28$  are small effects; medium effects range from  $\pm 0.28$ -0.49; and, large effects are greater than  $\pm 0.49$ . Accordingly, we can conclude that the correlation between job characteristics and employee engagement; the correlation between job characteristics and perceived organizational support and the correlation between perceived organizational support and employee engagement were medium.

## 4.6 Test for Assumptions of Linear Regression Model

Prior to commencing the regression analysis to test the research hypotheses, a preliminary analysis was conducted to verify the assumptions of regressions such as multicollinearity, linearity, normality and homoscedasticity tests.

### 4.6.1 Multicollinearity Test

Multicollinearity will occur if some or all of the independent variables are highly correlated with one another. It shows the regression model has difficulty in explaining which independent variables are affecting the dependent variable (Brooks, 2008). Multicollinearity can be tested either from correlation coefficient results or from the value of tolerance and VIF. According to Sekaran and Bougie (2016), the acceptable value of tolerance and variance inflation factor (VIF) is above 0.10 and below 10 respectively. As we can see from table 5 the tolerance values is 0.772 which is above the threshold of 0.10 and the VIF value is also 1.295 which is below the threshold of 10. Therefore, we can conclude that there is no collinearity issue between the independent variables.

**Table 6** Collinearity Diagnosis

Variable	Collinearity Statistics	
	Tolerance	VIF
Job Characteristics	0.772	1.295
POS	0.772	1.295

Dependent variable: Employee Engagement  
Source: Researcher's survey data output (2019)

### 4.6.2 Linearity Test

The assumption of linearity can be checked by inspecting the Normal Probability Plot (P-P) of the Regression Standardized Residual and the Scatter plot. Accordingly, the linearity of the relationship between the dependent variables and the independent variables was checked using scatter plots of the regression residuals for all models

through SPSS software. The scatter plot of residuals (see Annex 1) showed that the points lie in a reasonably straight line from bottom left to top right. Therefore, we can say that the assumption of linearity was not violated.

#### **4.6.3 Normality Test**

Normality test was used to determine whether the error term is normally distributed. The frequency distribution of the standardized residuals was compared to a normal distribution (see Annex 2). As you can see, although there are some residuals that are relatively far away from the curve, many of the residuals are fairly close. Moreover, the histograms are bell shaped which lead to infer that the residual (disturbance or errors) are normally distributed for all the models. Thus, we can deduce that the assumption of 'normally distributed error term' is not violated.

#### **4.6.4 Test of Homoscedasticity**

One of the key classical assumptions of regression is that the variance of the errors is constant across observations. If the errors have constant variance, the errors are called homoscedastic. The possible existence of heteroscedasticity is a major concern in the application of regression analysis, including the analysis of variance, because the presence of heteroscedasticity can invalidate statistical tests of significance that assume that the modeling errors are uncorrelated and normally distributed and that their variances do not vary with the effects being modeled (Gujarati, 2004).

The standard suggestion for examining the assumption of heteroscedasticity in regression analysis is to plot the predicted variable values against the residual values. Heteroscedasticity is indicated when these values spread or fan out from left to right or right to left. Thus, the scatter plot shows that majority of the points are concentrated around 0 which shows that no violation of homoscedasticity (see Annex 3).

## 4.7 Testing the Research Hypotheses

After testing all the relevant assumptions of classical linear regression assumptions for the data used, the researcher deployed regression analysis to explore the relationship between the independent and dependent variables while for testing mediation the Baron and Kenny (1986) model was used as a guiding framework. The coefficients of determination (R square value), the regression coefficients (Beta coefficient) and the p-values for each of the significant relationships were reported. Each of the proposed hypotheses were empirically tested and discussed.

### 4.7.1 Regression Model Specification

According to Baron and Kenny (1986) mediation testing framework, the following models were specified.

#### Model 1

**H<sub>1</sub>** : Job characteristics has positive effect on employee engagement.

$$y = \alpha_1 + ax + \varepsilon_y \dots \dots \dots \text{Model 1}$$

Where:

y = Employee Engagement, x = Job Characteristics,  $\alpha_1$  = intercept of Employee Engagement, a = coefficient,  $\varepsilon_y$  = the random error.

#### Model 2

**H<sub>2</sub>** : Job characteristics has positive effect on perceived organizational support.

$$m = \alpha_2 + bx + \varepsilon_m \dots \dots \dots \text{Model 2}$$

Where:

m = Perceived Organizational Support (POS), x = Job Characteristics  
 $\alpha_2$  = intercept of Perceived Organizational Support, b = coefficient,  
 $\varepsilon_y$  = the random error.

### **Model 3**

**H<sub>3</sub>** : Perceived organizational support mediates in the effect of job characteristics on employee engagement.

$$y = \alpha_3 + cx + dm + \varepsilon_y \dots \text{Model 3}$$

Where:

y = Employee Engagement, x = Job Characteristics, m = Perceived Organizational Support (POS)  $\alpha_3$  = intercept of Employee Engagement, c<sub>1</sub> & d = coefficients,  $\varepsilon_y$  = the random error.

### **Model 4**

**H<sub>4</sub>** : Perceived organizational support (POS) has positive effect on employee engagement.

$$y = \alpha_4 + em + \varepsilon_y \dots \text{Model 4}$$

Where:

y = Employee Engagement, m = Perceived Organizational Support (POS),  $\alpha_4$  = intercept of Employee Engagement, e = coefficient,  $\varepsilon_y$  = the random error

## **4.7.2 Regression Analysis**

As indicated in table 7, R-square value for regression Model 1 was 0.218. This implies that, in this study, job characteristics explains about 21.8% of the variation in the level of employee engagement.

**Table 7 Model Summary**

Descriptions	R	R Square	Adjusted R Square	SE
<b>Model 1</b>				
a. (Constant), Job characteristics	0.466 <sup>a</sup>	0.218	0.214	0.53320
b. Engagement				
<b>Model 2</b>				
a. (Constant), Job characteristics	0.477 <sup>a</sup>	0.228	0.224	0.48954
b. POS				
<b>Model 3</b>				
a. (Constant), POS, Job characteristics	0.533 <sup>a</sup>	0.284	0.277	0.51134
b. Engagement				
<b>Model 4</b>				
a. (Constant), POS	0.448 <sup>a</sup>	0.201	0.198	0.53877
b. Engagement				

a: predictors; b: dependent variables; SE: standard error of the estimate  
Source: Researcher's survey data output (2019)

As indicated in the ANOVA table (table 8) the p – value (0.000) for Model 1 is less than 0.05 significant level. This indicates that the sample data provides sufficient evidence to conclude that the regression model was well fit. In other words, the p – value (0.000) is highly significant and can be concluded that job characteristics can predict employee engagement significantly.

**Table 8 ANOVA**

Description		Sum of Squares	df	Mean Square	F	Sig.
<b>Model 1</b>						
a. Dependent Variable:	Regression	17.550	1	17.550	61.732	0.000 <sup>b</sup>
Engagement	Residual	63.115	222	0.284		
b. Predictors: (Constant),	Total	80.665	223			
Job Characteristics						
<b>Model 2</b>						
a. Dependent Variable: POS	Regression	15.685	1	15.685	65.448	0.000 <sup>b</sup>
b. Predictors: (Constant),	Residual	53.202	222	0.240		
Job characteristics	Total	68.887	223			
<b>Model 3</b>						
a. Dependent Variable:	Regression	22.881	2	11.441	43.756	0.000 <sup>b</sup>
Engagement	Residual	57.784	221	0.261		
b. Predictors: (Constant),	Total	80.665	223			
POS, Job characteristics						
<b>Model 4</b>						
a. Dependent Variable:	Regression	16.225	1	16.225	55.897	0.000 <sup>b</sup>
Engagement	Residual	64.440	222	0.290		
b. Predictors: (Constant),	Total	80.665	223			
POS						

**Source:** Researcher's survey data output (2019)

The regression coefficient result of Model 1 shows that (see table 9), job characteristics has positive and significant effect on employee engagement ( $a = 0.647$ ,  $p = 0.000$ ). The positive effect of job characteristics on employee engagement implies that if there is an increase in job characteristics there will also be an increase in employee engagement level. In other words, the regression coefficient ( $a=0.647$ ) for job characteristics indicates a unit change in job characteristics will lead to 64.7% change in employee engagement.

**Table 9** Coefficients Table

Model	Description	Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
<b>1</b>	(Constant)	1.459	0.278		5.245	0.000
	Job characteristics <sup>a</sup>	0.647	0.082	0.466	7.857	0.000
<b>2</b>	(Constant)	0.931	0.255		3.646	0.000
	Job characteristics <sup>b</sup>	0.612	0.076	0.477	8.090	0.000
<b>3</b>	(Constant)	1.164	0.275		4.240	0.000
	Job Characteristics <sup>c</sup>	0.453	0.090	0.327	5.045	0.000
	POS	0.317	0.070	0.293	4.515	0.000
<b>4</b>	(Constant)	2.180	0.197		11.080	0.000
	POS <sup>d</sup>	0.485	0.065	0.448	7.476	0.000

**Source: Researcher's survey data output (2019)**

- a. Dependent Variable: Engagement, b. Dependent Variable: POS, c. Dependent Variable: Engagement  
d. Dependent Variable: Engagement

As revealed in table 7, R-square value for regression Model 2 was 0.228. This indicates that, in this study, job characteristics explains about 22.8% of the variation in the level of perceived organizational support. In addition, as indicated in the ANOVA table (table 8) the p – value (0.000) for Model 2 is less than 0.05 significance level. This implies that the sample data provides sufficient evidence to conclude that the regression model was well fit. In other words, the p – value (0.000) is highly significant and can be concluded that job characteristics can predict perceived organizational support significantly.

The regression coefficient result of Model 2 also shows that (see table 9), job characteristics has positive and significant effect on perceived organizational support (POS) (b = 0.612, p = 0.000). The positive relationship between job characteristics and perceived organizational support implies that if there is an increase in job characteristics there will be an increase in perceived organizational support. In other words, the regression coefficient (b=0.612) for job characteristics indicates a unit change in job characteristics will lead to 61.2% change in perceived organizational support.

As indicated in table 7, R-square value for regression Model 4 was 0.201. This indicates that, in this study, perceived organizational support explains about 20.1% of the variation in the level of employee engagement. Moreover, as revealed in the ANOVA table (table 8) the  $p$  – value (0.000) of Model 4 is less than 0.05 significant level. This implies that the sample data provides sufficient evidence to conclude that the regression model was well fit. In other words, the  $p$  – value (0.000) is highly significant and can be concluded that perceived organizational support can predict employee engagement significantly.

The regression coefficient result of Model 4 showed that (see table 9) perceived organizational support has positive and significant effect on employee engagement ( $\beta = 0.485, p = 0.000$ ). The positive relationship between perceived organizational support and employee engagement implies that if there is an increase in perceived organizational support there will be an increase in employee engagement level. In other words, the regression coefficient ( $\beta=0.485$ ) for perceived organizational support indicates a unit change in perceived organizational support will lead to 48.5% change in employee engagement.

#### **4.7.3 Mediation Testing with Regression Analysis**

To undertake mediation test, Baron and Kenny's (1986) model for testing mediation was used as a guiding framework. Accordingly, mediation was tested through three regression models (Baron and Kenny, 1986; Field, 2013; Hayes, 2013). The three regression models are (i) A regression model that predicts the dependent variable from the independent dependent variable, (ii) A regression model that predicts the mediator variable from independent variable, and (iii) A regression model that predicts dependent variable from both the independent variable and mediator variable. Furthermore, in Baron and Kenny's (1986) mediation testing model four conditions must be met for a variable to be considered as a mediator. These are (i) the independent variable must significantly affect the dependent variable in model 1; (ii) the independent variable must significantly affect the mediator in model 2; (iii) the mediator must significantly affect the dependent variable in model 3; (iv) the independent variable must predict the dependent variable

less strongly in model 3 than in model 1. If the independent variable has no effect on the dependent variable in model 3 perfect mediation holds but if the independent variable explains the dependent variable less strongly in model 3 than in model 1 partial mediation occurs. (Baron and Kenny, 1986)

The regression result of Model 1 (Table 9) showed that the effect of the independent variable (job characteristics) on the dependent variable (employee engagement) is positive and significant ( $a = 0.647, p = 0.000$ ). Thus, the first condition for mediation is fulfilled.

The regression analysis result of Model 2 (Table 9) showed that the effect of the job characteristics on perceived organizational support (the mediator variable) is positive and significant ( $b = 0.612, p = 0.000$ ). Therefore, the second condition is satisfied.

The regression analysis result of Model 3 (Table 9) showed that the regression coefficient for the mediator variable (POS) on the dependent variable (employee engagement) is positive and significant ( $d=0.317 p=0.000$ ). This implies that the third condition is fulfilled.

The fourth condition states the independent variable must predict the dependent variable less strongly in model 3 than in model 1; if the independent variable has no effect on the dependent variable in model 3 perfect mediation holds but if the independent variable explains the dependent variable less strongly in model 3 than in model 1 partial mediation occurs.

As can be seen in model 1 (table 9), the coefficient of the independent variable (job characteristics) is 0.647 with significant p value of 0.000 whereas the coefficient of the independent variable in Model 3 (Table 9) is 0.453 with significant p value of 0.000 which is less than the coefficient in Model 1 (i.e. 0.647). The figures imply that the independent variable predicts the dependent variable less strongly in model 3 than in model 1; but the coefficients are still significant in both models. Therefore, we can

conclude that perceived organizational support partially mediated in the relationship between job characteristics and employee engagement. Hence, the study supports hypothesis 3, which states that perceived organizational support mediates in the effect of job characteristics on employee engagement.

#### **4.8 Discussion**

The study result indicated that the effect of job characteristics on employee engagement is positive and significant. Hypothesis 1 stated that job characteristics has positive effect on employee engagement. Thus, the study supports hypothesis 1 (H<sub>1</sub>). It is, therefore, in agreement with the findings of Saks (2006), Khan (1990), Fairlie (2011), Ram and Prabhakar (2011), Shantz et al (2014), Christian et al (2011), Castellano (2015) and May et al (2004).

Similarly, the study result confirmed that the effect of job characteristics on perceived organizational support is positive and significant. Hypothesis 2 stated that job characteristics has positive effect on perceived organizational support. Thus, the study supports hypothesis 2 (H<sub>2</sub>). Therefore, it is in agreement with the findings of Reynolds and Helfers (2018), Allen et al (2008) and Rhoades and Eisenberger (2002).

The study result also revealed that perceived organizational support has positive and significant effect on employee engagement. Hypothesis 4 stated that perceived organizational support has positive effect on employee engagement. Thus, the study supports hypothesis 4 (H<sub>4</sub>). Therefore, it is in agreement with the findings of Murthy (2017), Saks (2006), Dai & Qin (2016), Abed & Elewa (2016), Chass & Balu (2018) and Kralj & Solnet (2011).

With regard to the mediating role of perceived organizational support in the relationship between job characteristics and employee engagement; the results showed that perceived organizational support had a partial mediating role on the relationship between job characteristics and employee engagement. Hypothesis 3 stated that perceived

organizational support mediates in the effect of job characteristics on employee engagement. Thus, the study result supports hypothesis 3 (H3).

**Table 10** Summary of Hypotheses

	<b>Description</b>	<b>Result</b>
H1:	Job characteristics has positive effect on employee engagement.	Accepted
H2:	Job characteristics has positive effect on perceived organizational support	Accepted
H3:	Perceived organizational support mediates in the effect of job characteristics on employee engagement?	Accepted
H4:	Perceived organizational support has positive effect on employee engagement.	Accepted

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATION**

This chapter outlines brief summary and conclusion of the study in accordance with the study results and forward recommendations based on the overall results of the study and outlines future research potential areas.

#### **5.1 Summary of the Study**

The objective of this study was to assess the mediating role of perceived organizational support in the relationship between job characteristics and employee engagement in the context of Cooperative Bank of Oromia. Based on the objectives and hypotheses of the study, questionnaire (survey instruments) was selected and organized from existing literature to measure the research variables.

Out of 256 questionnaires distributed, 224 (88%) valid questionnaires were collected and used for the analysis. The collected data was analyzed using statistical package for social science software (SPSS). Regression analyses was employed for testing the hypotheses. Prior to applying regression analysis, reliability, correlation analysis and other preliminary tests (like multicollinearity, linearity, normality and homoscedasticity tests) were performed. With regard to the reliability, the results showed that all measures used in this study had an acceptable level of reliability. Pearson correlation also indicated no problem of multicollinearity. With regard to other preliminary tests the results showed that there were no significant data problems that would lead to say the assumptions of regression analysis had been seriously violated.

The overall results of hypotheses testing indicated that the effect of job characteristics on employee engagement is positive and significant. Similarly, the results also confirmed that the effect of job characteristics on perceived organizational support is positive and significant. The effect of perceived organizational support on employee engagement is

also positive and significant. With regard to the mediating role of perceived organizational support in the relationship between job characteristics and employee engagement the results showed that perceived organizational support had a partial mediating role on the relationship between job characteristics and employee engagement. Therefore, the results reported in this study support hypothesis H1, H2, H3 and H4.

## **5.2 Conclusion**

Based on the results of the study the researcher made the following conclusions:

- The results of the study established that the effect of the job characteristics on employee engagement is positive and significant. This implies that when employees are provided with favorable job characteristics, employee engagement level increases.
- The results of the study confirmed that the effect of the job characteristics on perceived organizational support is positive and significant. This implies that when employees are provided with help and assistance, they perceive that they are being supported by their organization.
- The result of the study proved that perceived organizational support partially mediates on the effect of job characteristics on employee engagement. This implies that POS has indirect effect in the relationship between job characteristics and employee engagement.
- The results of the study indicated that the effect of the perceived organizational support on employee engagement is positive and significant. This implies that when employees perceive care and support, their engagement level increases.

### 5.3 Recommendation

The findings of the study suggest that providing favorable job characteristics enhances perception of organizational support among employees and increase level of employee engagement. Therefore:

- The bank should maintain its current job characteristics or job dimensions. However, it should periodically revise job dimensions depending on feedbacks collected. It can revise and improve job dimensions through job rotation, combining fragmented repetitive tasks together and devising tasks with greater autonomy and responsibility. Moreover, job dimensions can be enhanced by formulating tasks which are identifiable enough and tasks that enable an employee to see his/her performance and significance of the tasks to the society at large.
- The bank should also retain its current support activities. Though, it should revise its support activities from time to time based on feedbacks collected. The bank can enhance its support activities by building and strengthening supportive and trusting interpersonal relationships among employees. It can also improve its care and support activities by showing concern for its employee's goals, values, opinion and well-being.
- In general, since employee engagement enhancement is not a one time job, the bank should periodically revise and improve its job characteristics, organizational support activities and check employee engagement levels regularly.

#### **5.4 Future Research Area**

- The scope of the study can further be enriched by decomposing the independent variable into its dimensions under the theoretical framework.
- This is a cross-sectional study. So, any future research might undertake a longitudinal study that would capture employee perceptions at different time periods offering more rigors as well as any possible variance to the study findings.
- This study is performed only in Cooperative Bank of Oromia with a small sample size. In order to get a comprehensive picture and generalizations of the study findings, any future study can be carried out with a relatively larger sample size that should be taken from other private and government owned banks.

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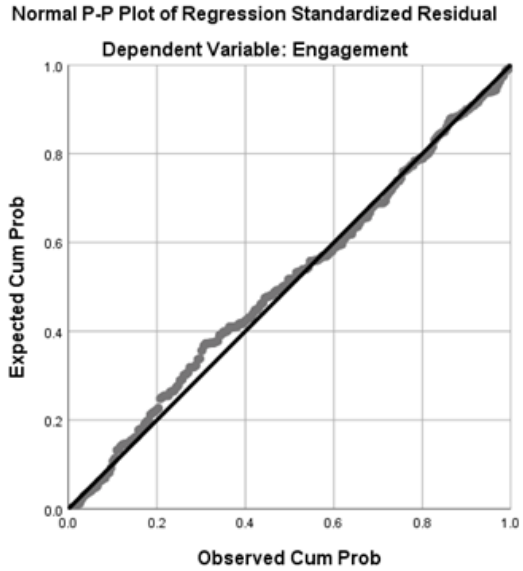
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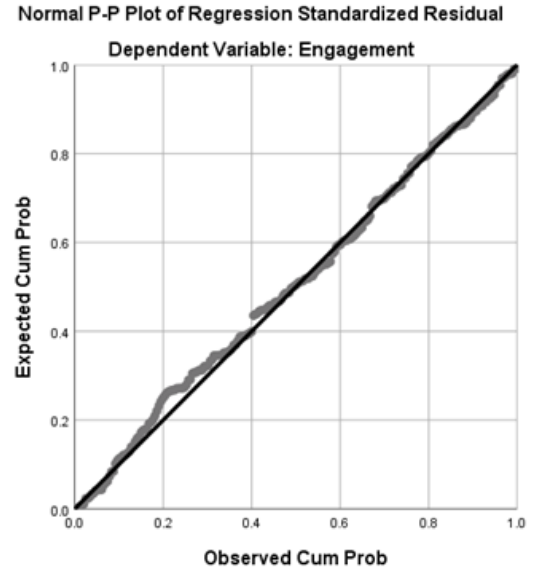
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## Annex 1: Normal Point Plot of Standardized Residual

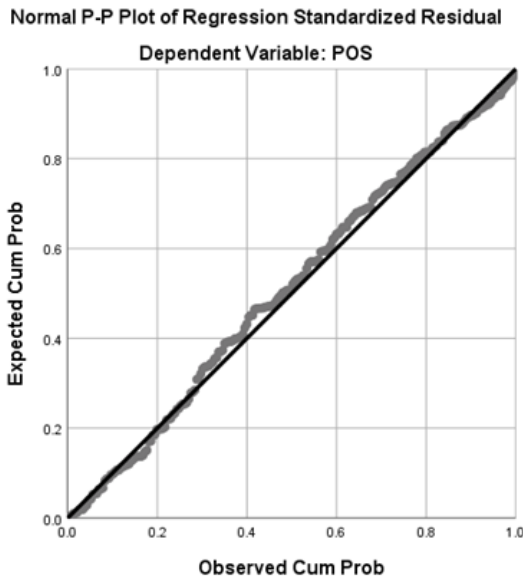
### Model 1



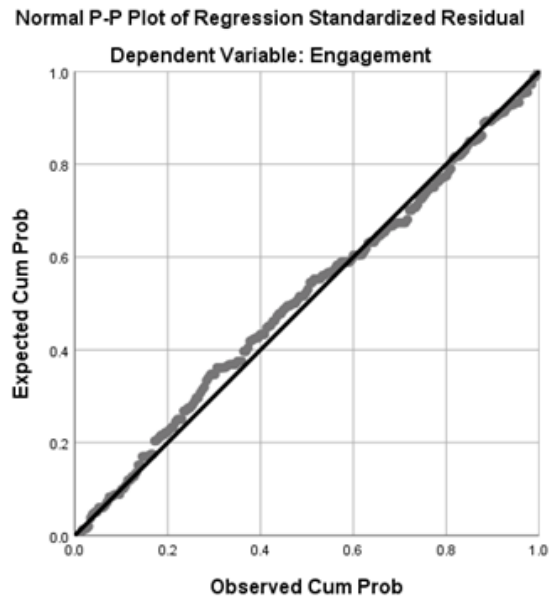
### Model 3



### Model 2

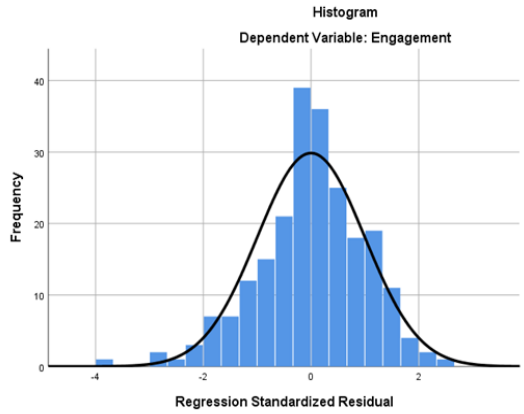


### Model 4

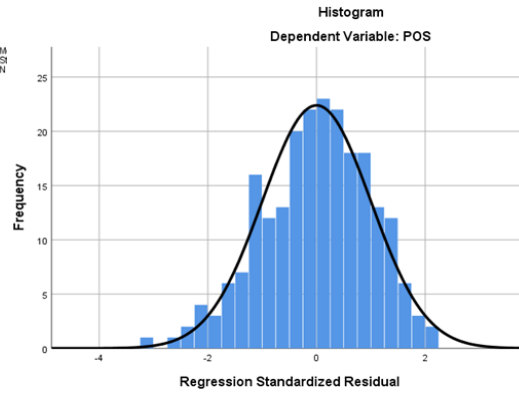


## Annex 2 Frequency Distribution of Standardized Residual

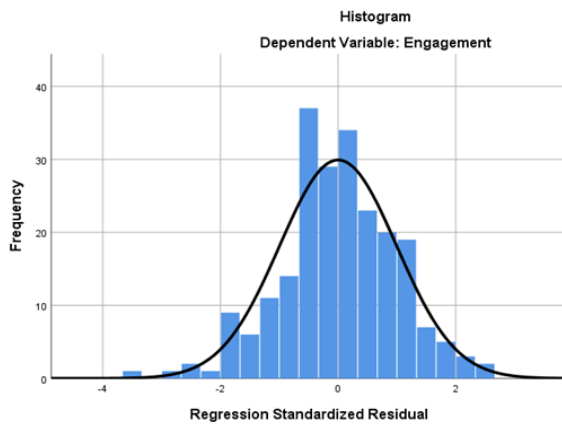
Model 1



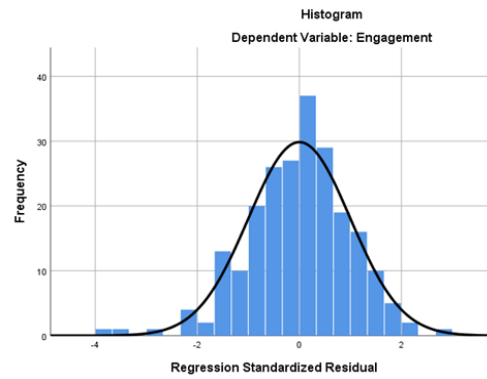
Model 2



Model 3



Model 4

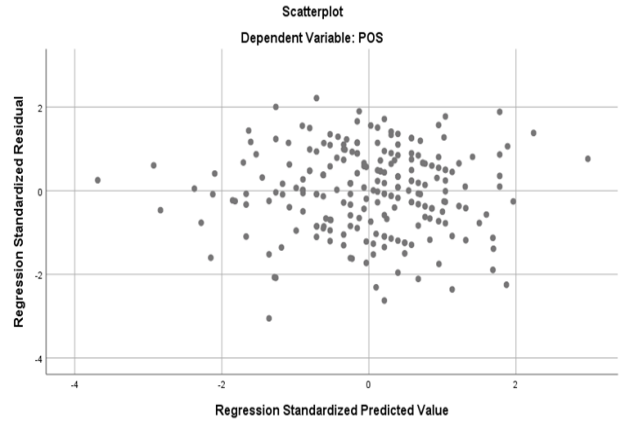


# Annex 3 Scatter plot

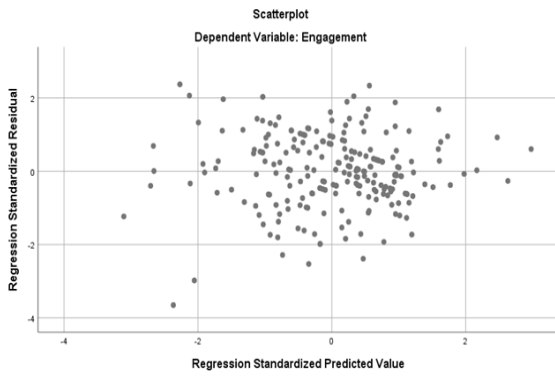
## Model 1



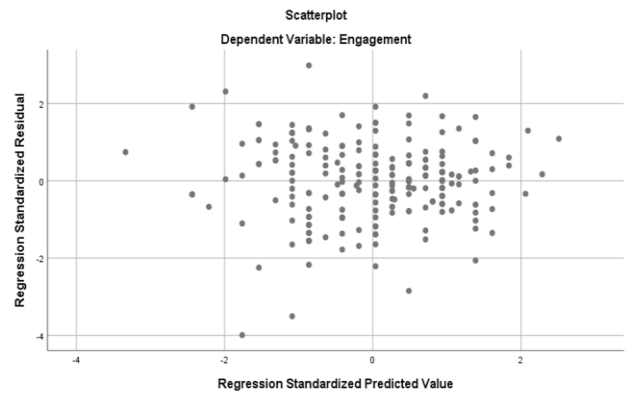
## Model 2



## Model 3



## Model 4



## Annex 4 Questionnaire

**QUESTIONNAIRE**  
**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MANAGEMENT**  
**EMBA PROGRAM**

Name of student: **Anwar Abrar**  
Tel: +251915762033  
Email: [anwarabrar1999@yahoo.com](mailto:anwarabrar1999@yahoo.com)

### Dear Respondents:

This questionnaire is intended to be used as primary data for master's thesis titled '**The Mediating Role of Perceived Organizational Support in the Relationship between Job Characteristics and Employee Engagement: The case of Cooperative Bank of Oromia S.C.**' in partial fulfillment of the requirement for the award of an Executive Masters of Business Administration (EMBA).

I, therefore, kindly request for your kind assistance in completing this questionnaire.

The information you share will be treated with **strict confidentiality** and is solely used for academic purpose.

Thank you.

### Part – I: Demographic Information

1. Age:  18-25 years  26-35 years  36-45 years  above 45 years
2. Gender:  Male  Female
3. Education:  College Diploma  First Degree  Second Degree & Above
4. Service Years at CBO:  Below 3  4-6 years  7- 10 years  Above 10
5. Marital Status:  Single  Married  Divorced  Widowed
6. No. of children (If Any):  1-2  3 - 5  & above
7. Occupational Status<sup>1</sup>:  GT  CSO  SCSO  CRO  
 IC  CSM  BM

---

<sup>1</sup>GT= Graduate Trainee, CSO=Customer Service Officer, SCSO=Senior Customer Service Officer, CRO =Customer Relation Officer, IC=Internal Controller, CSM=Customer Service Manager, BM=Branch Manager

**Part – II: Five Point Likert Scale Questions**

Please express your level of agreement to the following questions by putting ‘✓’ or ‘X’ mark in the appropriate cell.

No	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>I</b>	<b>JOB CHARACTERISTICS</b>					
1	The job requires me to use a number of complex of high level skills.					
2	The results of my activities cannot be seen.					
3	Just doing the work required by the job provides many chances for me to figure out how well I am doing.					
4	The job is simple and repetitive.					
5	This job is one where a lot of other people can be affected by how well the work gets done.					
6	The job denies me any chance to use my personal initiative or judgment in carrying out the work.					
7	The job lets me do "identifiable" work.					
8	The job itself provides very few clues about whether or not I am performing well.					
9	The job gives me considerable opportunity for independence and freedom in how I do the work.					
10	The job itself is not very significant or important in the broader scheme of things.					
11	The job provides me with a variety of work.					
12	The job provides me with the opportunity to find out how well I am doing.					
13	The job has a large impact on people outside the organization.					
14	The job is arranged so that I may see tasks through to their final completion.					
15	The job provides me with significant autonomy in making decisions.					
16	The work activities themselves provide direct and clear information about the effectiveness of my job performance.					
17	The job allows me the opportunity to complete the work I start.					
18	Many people are affected by the job I do.					
19	The job gives me the opportunity to do a number of different things.					
20	The job provides me the opportunity for independent thought and action.					
21	The job requires the performance of a wide range of tasks.					
22	The job provides me with the feeling that I know whether I am performing well or poorly.					
23	I have almost complete responsibility for deciding how and when the work is to be done.					

No	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
24	The job is arranged so that I have a chance to do the job from beginning to end.					
25	The job is relatively significant in the organization.					
<b>II</b>	<b>PERCEIVED ORGANIZATIONAL SUPPORT</b>					
1	My organization really cares about my well-being.					
2	My organization strongly considers my goals and values.					
3	My organization shows little concern for me.					
4	My organization cares about my opinions.					
5	My organization is willing to help me if I need a special favor.					
6	Help is available from my organization when I have a problem.					
7	My organization would forgive an honest mistake on my part.					
8	If given the opportunity, my organization would take advantage of me.					
<b>III</b>	<b>EMPLOYEE ENGAGEMENT</b>					
1	At my work, I feel bursting with energy.					
2	At my job, I feel strong and vigorous.					
3	I am enthusiastic about my job.					
4	My job inspires me.					
5	When I get up in the morning, I feel like going to work.					
6	I feel happy when I am working intensely.					
7	I am proud of the work that I do.					
8	I am immersed in my work.					
9	I get carried away when I am working.					

**Thank you for your participation!**