

The Effect of Organizational Culture on Employees Engagement: A Case Study of Nib International Bank

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A Research Thesis Submitted to the Department of Business
Administration and Information System in the Partial Fulfillment of the
Requirements for the Degree of Master in Business Leadership (MBL)

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School of Commerce

Business Leadership (MBL) Program

June, 2024

Addis Ababa, Ethiopia

DECLARATION

Declare that the analysis presented in this research is my own, performed by me under the supervision of my advisor. The study was not submitted to any other higher education organization for another reason. I also declare that I obeyed all of the educational ethical and honesty standards and did not deform, or falsify any information or source in my research submission, and that the source utilized was properly recognized. I realize that any violation of the academic code will result in disciplinary action by the university.

Elsabet Abuye

Name

Signature

Date

STATEMENT OF CERTIFICATION

This is to certify that, this project work “**The Effect of Organizational Culture on Employees Engagement: The Case of Nib International Bank** undertaken by **Elsabet Abuye Deribe** in partial fulfillment of the criteria for Master of Business Leadership at Addis Ababa University School of Commerce, is an original work which has not been submitted earlier for any Degree either at this university or another institution of higher learning.

Dereje Abi (PhD)

Research project advisor

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LIST OF ACRONYMS

CVF – Competing Value Framework

CSR – Corporate Social Responsibility

OCAI – Organizational Culture Assessment Instrument

VIF – Variance Inflation factor

SPSS – Statistical Package for Social Science

Acknowledgment

I would like thank the Almighty Lord for his grace and for honoring me with this project. The effective conclusion of this study is an outcome of many people's persistent work, which should be appreciated. To begin with, I would like to thank my thesis supervisor, Dr. Derje Abi (Ph.D.). I am very grateful for everything he has done for me. And I appreciate him for each thing he has shown me, in addition to his sound advice and insightful recommendations that have assisted me in my efforts to complete this project.

I would also like to say my heartfelt appreciation to all of the executives and employees of Nib International Bank Headquarters for taking the time to participate, for offering me with significant information through a questionnaire, and for the timely handover of relevant resources, helping me to finish my research promptly.

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Abstract

Employee engagement has been a worldwide problem and organizations have to deal with it to achieve development. Employee engagement is defined contribution, commitment and efficiency that is pricelessly the opposite of the three of boredom elements of fatigue, disconnect and apathy. It is a dedication and a passionate connection of an individual or a group to their company. Organizational culture is one of the factors that affect employee engagement. The primary objective of this research is to analyze the influence of organizational culture dimension namely clan culture, adhocracy culture, hierarchy culture, and market culture on employee engagement in the context of Nib International Bank. This study employed a quantitative study, utilizing a structured likert scale questionnaire as an instrument to gather data. The data was accurately gathered from 182 respondents out of 530 total populations. The questionnaires collected were delivered to all participants and analyzed using the SPSS software. The multiple regression analysis indicated that clan culture, and adhocracy culture had a significant and positive effect on employee engagement and market culture has a significant and negative influence on employee engagement, while hierarchy culture had no significant and negative impact on employee engagement. Thus, only H1, H2 and H3 were supported. The contribution of the study is to examine how this organizational culture dimensions influences employee engagement in the case of Nib International Bank. By examining the four dimensions of organizational cultures, Nib International Bank is recommended to increase their clan culture and adhocracy culture while reducing its market culture to increase its employee engagement.

Keywords: Employee Engagement, Organizational Culture, Clan Culture, Adhocracy Culture, Hierarchy Culture, Market Culture

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

An organization is a social unit which gathers people of different backgrounds together to work on a common shared objective. Individuals enter the organization with diverse ideals, principles and style of doing things. As stated by (Hofstede, 2011) each individual features within him/herself a style by which they feel, perform and perceive that they have acquired throughout their life. For the organization to accomplish the common goal the company must establish a shared culture and strive to foster it among its staff members.

Complete knowledge and understanding of a company's culture will help to enhance the ability to study the behavior of organization, which supports directing and leading (Brooks, 2006). As per (Schein, 1990), defines "culture is set of diverse values and behaviors that are believed to direct success". Each organization has different patterns and customs. Organizational culture is a set of fundamental presumption and opinion, held by the worker of the organization and describe the methods of communication that leads to distinct social and psychological environment of an organization.

Organizational culture, as described by (Munir, 2021) is a major driver of organizational performance and engagement among staff members, with an appropriate culture positively influencing them. This shows that organizational culture affects employee engagement. Furthermore, there is a rising comprehension that employee engagement is essential for improving corporate performance, where engaged staff members are the 'backbone of robust working atmosphere in which individuals are persistence, trustworthy, and accountable' (E, 2007).

Enhancing the engagement of these employees' benefits not only the business, but as well as the employees themselves. However employee engagement can be challenging to achieve as it requires regularity and persistence among motivation, governance and most importantly

organization culture that can be recognized and accepted by all personnel working in the company. According to (Gallup., 2016) in State of Global Workplace's research, comprised of 142 countries, 63 % of the workers globally are not engaged and 24 % are intentionally disengaged. This emphasizes how crucial it is for companies to prioritize fostering a culture that encourage and enhances engagement.

Organizational culture has an immense effect in shaping employee engagement within an organization. Studies have found that “creating a strengthening and encouraging culture was discovered to keep workers motivated and engaged, particularly when monetary incentives are not available, which could be particularly crucial in today's economic environment” (L, 2008). When workers feel linked to the organization's values and mission, they tend to be more engaged and inspired to work their best efforts to attain common goals. A solid and favorable organizational culture that emphasizes honest discourse, openness transparency, open communication, and collaborative effort helps the personnel feel a sense of identity as well as meaning in their profession which leads to enhance their engagement.

As stated by (Chandler, 2000) the organizational culture affects the employee engagement, promotes creativity, and learning among the staff members. According to (Abdi K. &., 2014) a favorable organizational culture promotes a welcoming work environment where staff members are able to engage more and flourish professionally. In addition (Denison D. R., 1995) demonstrates the vital role of organizational culture in affecting the attitudes and believes of workers, especially in creating devotion and engagement. This is further supported by (Riza, 2021), who underlines the positive association between organizational culture, job satisfaction, and employee engagement. These research results underscore the importance of robust, value-based organizational culture in enhancing employee engagement and organizational performance. These researches show the significance organizational culture on employee engagement.

This study aims to investigate existing literature and empirical data to deliver understanding into the mechanisms through which different organizational culture dimension affects employee engagement and examines how firms alter the working culture so that employee engagement can increase in financial service sector such as banks. Therefore, in this research we will examine the

effect of organizational culture dimension on employee engagement in the case of Nib International Bank.

1.2 Statement of the Problem

Employee engagement has drawn an extensive amount of focus as an important factor in driving organizational achievement and sustainability. Engaged personnel enable the company attain its goal by working effectively to assure that no opportunity will be missed. A lack of this employee engagement has a negative influence on the success and longevity of the firm. According (Kahn, 1990) conceptualized personal disengagement as “the elimination of one’s own ability physically, cognitively or emotionally throughout their job performance.” If staff members are not engaged with their job, they will cost the company extra money. In addition these disengaged staff members deliver inadequate service to clients, which will degrade the company’s reputation. It additionally makes it more challenging for the company to remain competitive in the market. As a result employee engagement should be given top priority by an organization regardless of any costs.

By recognizing the factor that can affect the employee engagement and by managing these factors a business can gain a competitive advantage on the market. There are a number of variables that influence the employee’s engagement. One of the major factor is organizational culture which many organizations neglects and miss in preference for other factors like the leadership style, the recognition, the opportunity of growth, financial benefits and etc. However, organizational culture is a crucial construct that impacts both individual and organizational outcomes (Yesil, 2013).

Organizational culture has a substantial effect employee engagement. Despite the value of organizational culture is acknowledged, previous studies has concentered on advanced market, resulting in fundamental gap on understanding how the different dimension of organizational culture influence the employee’s engagement in rapidly evolving economies such as the banking sector in Ethiopia. This research aims to fill this gap by carefully examining the casual relationship between the two variables, organizational culture and employee engagement within

the specific context of Nib International Bank. By obtaining a greater understanding of these casual relationships, this study seeks to provide valuable insights for companies to have an organizational culture that enhances their employee engagement levels, ultimately resulting to a higher organizational performance and profitability.

1.3 Research Questions

1. What culture prevails at Nib International Bank?
2. How does clan culture influence employee engagement in the case of Nib International Bank?
3. How does adhocracy culture affects the employee engagement in the context of Nib International Bank?
4. How does market culture affects the employee engagement in the case of Nib International Bank?
5. Does hierarchy culture affects the employee engagement in the context of Nib International Bank?

1.4 Objective of the Study

1.4.1 General Objective of the Study

The general objective of this research is to examine the effect of organizational culture on employee's engagement, in the case of Nib International Bank.

1.4.2 Specific Objective

1. To assess Nib International Bank's existent organizational culture.
2. To test the impact of Clan culture in Nib International Bank on employee engagement in Nib International Bank.
3. To examine the effect of Adhocracy Culture on employee engagement in the case of Nib International Bank.
4. To examine the effect of Market Culture in Nib International Bank on employee engagement.
5. To investigate the influence of Hierarchy Culture on employee engagement in the context of Nib International Bank.

1.5 Significance of the Study

The practical significance of this study involves helping the banking industry to better comprehend its current organizational culture dimension (adhocracy, clan, market, hierarchy) and how this organizational culture influence the employee engagement and additionally assisting them in implementing the suitable culture, which could lead to higher employee engagement to bring better company performance.

Additionally it will deliver beneficial information for scholars, investigators, academia and practice in the banking sector, in understanding the impact of organizational culture dimension have on the employee's engagement by presenting practical suggestions on building an organizational culture that fosters employee engagement, long term development and has a competitive edge. The theoretical significance of this study is that it solidifies and offers concrete information that support prior researches on the impact of organization culture on employee engagement. This research will also add to the literature of organization culture topics. In general this finding will benefit Nib International Bank helping to drive the industry's overall growth and long term development.

1.6 Scope of the Study

Conceptually this study focuses the effect of organizational culture on employee engagement. The scope of this study is limited by geographical dimension, since this study focuses specifically Nib International Bank Headquarters.

Methodologically this research uses quantitative study design. It uses explanatory approach and descriptive approach to explain the casual relationship between the two variables which are organization culture dimensions and employee engagement. By collecting data using questionnaires, this study aims to gather detailed understanding on how the organizational culture variables affect the employee's engagement within the specific context of Nib International Bank.

1.7 Limitation of the Study

The limitation of this study is that it is conducted on one specific organization. This will reduce the external reliability. Therefore the findings of this research can't be generalized since this study is carried out in one particular context of Nib International Bank. Another constraint of this study is the fact that the data has been acquired within few months, which could restrict to conduct comprehensive statistical methods and affect the reliability and coherence of the finding. The four organizational culture dimensions explain 53.4 percent variation of employee engagement.

1.8 Organization of the Study

The study will be arranged into five chapters; chapter one covers the introduction part, chapter two includes the conceptual and theoretical framework along with a comprehensive discussion of empirical studies and theoretical literature review, chapter three addresses the research methodology that will be employed in this study, chapter four discuss about data analysis and followed by chapter five summary, conclusion and recommendation.

1.9 Definition of Operational Term

- **Adhocracy Culture:** is an innovative and creative kind of organizational culture. It promotes risk-taking to the employees and is more focused on results than the procedures. “This culture favors self-driven and creative workers and provides freedom and independence for those who have the courage to take the risk” (Isa, 2016)
- **Clan Culture:** also known as collaborative culture is a type of organizational culture that values a family relationship among employees.
- **Hierarchy Culture:** is an organizational culture emphasizing structure, stability, and formalized procedures. “It is a culture that imposes an excessive value on concentrated administrative control”. (Cameron K. a., 1999)
- **Market Culture:** is an organizational culture valuing competitiveness, achievement, and results orientation. It is a result oriented and customer focused type of organizational culture that promotes a strong competition.
- **Employee Engagement;** it “is a contribution, commitment and efficiency that is pricelessly the opposite of the three of boredom elements of fatigue, disconnect and apathy” (Maslach, 2001). It is a term employed human resources that express the level of joy, commitment, and involvement a staff member feels toward their job.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter offers a detailed review of available literature related to the effects of organizational culture on employee engagement. It is arranged in four independent variables namely adhocracy culture, clan culture, hierarchy culture and market culture and one dependent variable, Employee Engagement. The chapter attempts to build a theoretical foundation and point out the fundamental finding that supports and directs the current research.

2.2 Theoretical Review

2.2.1 Organizational Culture: Concepts

The concept of organizational culture has transformed throughout time with origins in different disciplines such as sociology and anthropological studies. Although there is no precise time or occasion that indicates the establishment of organizational culture but some researches on organizational culture had been carried out since the 1940s, however they were initially scarce and dispersed till the ‘organization-culture revolution’ in the beginning of 1980s. Throughout the previous decade the interest in organizational culture has remained quite elevated among researchers and scholars (Ruff, 2023). Though organizational culture has eventually become the focal point of a broad number of researches, still it is a young but rapidly expanding area within business. These days, most organizations are increasingly interested in understanding their organizational culture.

Recognizing and understanding your company's culture is far more than a theoretical practice; it is a fundamental requirement for boosting development and is essential to growth and prosperity. A solid organizational culture that is consistent with the principles, values, and objective of the company can be a strong driver of employee engagement, creativity, and competitive edge. Regardless of what culture the business strives for, or whether seen through the perspective of

risk, creative thinking or customer satisfaction, if the intended culture is not recognized, understood, and operated by its personnel, the company will ultimately fall (Kelleher, 2021).

To foster the favorable adjustments in culture, compensation and culture must be associated to one another and the right behavior must be rewarded (Kelleher, 2021). For example, assuming a company is in the high-tech industry, having a culture that promotes innovativeness and versatility will enhance its engagement and performance far more than having a culture of stability. This illustrates that identifying which culture fits your organization and managing it effectively is vital to the success of the organization.

2.2.2 Defining Organizational Culture

“Organizational culture is commonly referred to as an organization’s psychological assets” (Ruff, 2023). It is a bundle of shared assumptions, behavior, mindset, and beliefs that influence how companies treat their employees. These common attitudes have a major effect on the company staffs and also determine how they dress, act, and execute their jobs (Bamidele, 2022). “Culture is not predominately ‘within’ the minds of individuals, but someplace ‘between’ the minds of a team of individuals where signs and ideas are officially articulating, for example in work group connections, in board conversation but as well as in physical objects” (Onyango, 2014).

The culture of an organization may either be one of its greatest resource and advantage or its greatest liability. In fact, it has been stated that companies that have a distinct, fresh and hard-to-imitate culture have an upper hand over its competitors (Barney, 1986). Organizational culture is affected by and affects every staff members in the organization and is a vital feature in the success of the firm. Moreover, organizational culture alters the employee’s conduct, which includes interaction, improvement, inspiration and engagement. Organizational culture provides the common regulation regulating cognitive and affective dimensions of membership in a company, and the ways where they are formed and presented (Kunda, 1998).

2.3 Types of organizational culture

Multiple academics have articulated various organizational culture typologies among those we are going to discuss types of organizational culture based CVF. This study is anchored on Competing Value Framework (CVF) introduced by (Cameron K. a., 1999) in the 1980s. It is one of the most important and frequently employed models in the area of organizational culture research. As compared to other models, “the CVF and its corresponding scale OCAI poses a greater validity and reliability” (Yu, 2009). In addition, this model can incorporate majority of organizational culture dimensions highlighted in this literature. The CVF model has four dimensions of organizational culture namely clan culture, adhocracy culture, market culture, and hierarchy culture. They also know to be called the 4 Cs. The first one Collaboration for clan culture, the second one creative for adhocracy culture, the third one competition for market culture and the fourth one control for hierarchy culture. In the following subsections, we will go through and discuss each dimension of organizational culture.

2.3.1 Clan Culture

This dimension of organizational culture was first recognized and explored in the 60’s in regions across Asia where tribe and familial norms are important in the national cultures. It is a type of organizational culture that priorities a familial connection and close bond among workers. Moreover, “clan culture is defined by workers’ fierce loyalty and devotion toward the company and its shared vision” (Hartnell, 2011) . In addition, “clan culture is characterized by trust, member’s collaboration and involvement” (Choi, 2010). As stated by (Cameron K. S., 1998) clan culture is described as a sense of unity and belongingness among staff members working in the same organization. Businesses with this type of culture are more likely to have high level of faith among workers, and be considered like a family rather than just an employee of the company.

2.3.2 Adhocracy culture

It is a type of organizational culture that emphasize on fostering innovative thinking, and independence, (Cameron K. S., 1998) . Adhocracy culture possesses the capacity to adjust to shifting circumstances and confront novel problems since it lays higher emphasis on adaptability and versatility. “This culture favors self-driven and creative workers and provides freedom and independence for those who have the courage to take the risk” (Isa, 2016). According to (Acar, 2014) implies adhocracy culture as a culture within a company that creates, is adaptable to new perspectives, is innovative as an outcome of its dynamic structure.

2.3.3 Market Culture

According to (Buchanan, 2003) market culture is described by hostile competition, priority to client requirement, and remarkable productivity. As noted by (Cameron K. a., 1999) this culture emphasizes setting goals as a way of obtaining effectiveness, profitability and competitiveness. “Market culture is described as an outcome-oriented with an objective of achieving target” (Tseng, 2010).

2.3.4 Hierarchy Culture

According to (Cameron K. a., 1999) ” hierarchy cultures were initially defined as culture that imposes an excessive value on concentrated administrative control”. It is described as the existence of established procedures and frameworks which includes laws, guidelines that serve as the basis for managing the company. Furthermore, (Reis, 2016) describes this as a firm with no personal ties and staff members with who less transparent and tightly bound to its legal duties and obligations. Likewise, (Tseng, 2010) assert that this culture is carried out by a company with established and regulated regulation that control what workers do.

2.4 Organizational Culture in the Banking Sector: Insights and Trends

Previous research in the banking sector highlights the essential role of organizational culture in influencing an institution's legitimacy, handling of risk, and employee engagement. Today financial service companies such as banks, face additional hurdles in the field of organizational management. Human resource management helps foster the steady growth of the banking system, by employing skilled managers, in employee's job fulfillment and in maintaining talented individuals which leads to better productivity. Addressing the banking sector, it is essential to keep in mind that, although banks operate for profit, they are usually recognized as public interest companies. Apart from protecting and securing deposits of customers, banks, and banking system in general, attempt to offer a stolid framework for payments (Belias, 2015).

Regarding the banks potential for growth and aim to acquire a competitive advantage, the most typical challenge is the lack of cultural integration (Bashir, 2010). Organizational culture has been important to the growth of knowledge management, and the essential requirement for sharing knowledge between staff members, in banking culture, was the association of individuals, the sharing of their ideas (Ashkanasy N, 2004). Organizational culture can additionally assist the workers comprehend and adjust new events regarding banking industry (Zaid A, 2018).

The achievement or failure of the banking organization is mostly defined by the knowledge and competence of the staff members and culture of the organization rather than merely depending on the accessibility of funds and money. Although there is no such thing as a particularly good culture, since culture must promote the bank's development plan and each bank have unique strategies so the organization culture must align with the company's goals and vision (Belias, 2015). The culture of a bank should influence every facet of decision-making and facilitate the implementation of the bank's growth plan. That is to say, bank culture encompasses much more than just a declaration about moral behavior; it is ingrained in all aspects of the organization's operations, including the recruitment, training, and termination of staff, the distribution of resources, and the handling of opportunities and risks (Thakor, 2016)

2.5 Employee Engagement

Employee engagement is defined by (Robinson, 2004) as “a positive viewpoint held by a staff member towards the company and its value”. According to (Maslach, 2001) characterized engagement as “contribution, commitment and efficiency that is pricelessly the opposite of the three of boredom elements of fatigue, disconnect and apathy. It is a dedication and a passionate connection of an individual or a group to their company”. Furthermore (Saks, 2006) describes employee engagement as a state of personal feeling of accomplishment with regard to work, which is the degree of acceptance, commitment and enthusiasm shown by the staff members. An engaged worker interact with its coworker’s employee to improve work efficiency for the organization benefits.

According to (J, 2004) explained employee engagement as ‘arrangement that benefits both parties where workers and employers “go above and beyond” for each another’. Moreover (Meiyani, 2019) describes “employee engagement as a person’s inclination to involve in a specific labor activity, which is made up of three parts: knowledge, interest, and performance”. In addition (Gallup., 2016) describes employee engagement as the commitment with and anticipation for the job and also characterized good psychological connection and employee dedication. Furthermore (Markwich, 2009) states “Employee engagement is a hard-nosed philosophy that not only offers final results but can be evaluated in terms of payroll or hiring costs and employee output”.

Employee engagement also has a substantial influence on the organization success. Researches have shown that firms with a high degree of employee engagement have threefold greater operating profit than similar businesses with a low degree of employee engagement. These businesses grow roughly 2 times faster. As an outcome increasing the engagement of personnel is very necessary to the company. One might claim that fully engaged personnel are a crucial asset for any type of business.

2.6 Empirical Studies on Organizational Culture and Employee Engagement

Several studies have explored the impact of organization culture on employee engagement.

According to (Abdi K. &, 2014) organizational culture has a favorable association with employee engagement which causes the increase in profitability and effectiveness. As stated by (Bhavsar, 2023) there are a plenty of chances for the theory of organizational culture to beneficially affect staff members and enhance their productivity and engagement level within the company. (Riza, 2021) and (Munir, 2021) both demonstrate the favorable effect of a healthy culture on employee engagement and performance, with Munir specifically underscoring the role of culture in improving performance and quality awareness. As stated by (Morgan, 2004) various cultural features are necessary for boosting the level of engagement, which involves having a creative climate, having a solid interpersonal interaction and an honest reputation.

Moreover (Brock, 2021) emphasizes “the positive and significant effect of positive organizational culture on the motivation of employee”. This is further supported by (Shehri, 2017) utilized a sample of 28 staff members in 7 financial sector in Saudi Arabia to examine the influence the influence of companies culture on employee engagement. As a result the two variables have a favorable correlation among each other. In addition (Soni, 2019) conducted a study to investigate how organizational culture affects employee participation in Indian manufacturing firms. The outcomes also indicated a favorable causal relationship between employee engagement and company culture.

Multiple studies have explored the influence of organizational culture on employee engagement in different African countries. As noted by (Abane, 2022) the policy developers and executives should build their company’s culture by encouraging not only horizontal but also vertical involvement of staff members in decision-making since interactive culture has a significant influence on employee engagement in the public sector Ghana. In addition study done by (Oduol, 2015) in the national commercial bank with its headquarters located in Nairobi demonstrated that a culture with defined rules and guidelines which in other word is Hierarchy culture is the most prominent and widespread and have a significant influence on the employee’s engagement.

According to (P., 2014) examined the effect of organizational culture on employee engagement in industrial sector in South Eastern Nigeria. The methodology of his research was descriptive survey. The outcome of the study demonstrated that there is a substantial correlation between the two variable particularly when it comes to enhancing the company's performance through the dedication of the staff members and proper perspective towards the company's' goal. Additionally a study conducted by (Martins, 2012) intended to explore the association between organizational culture and employee engagement at South African Information Technology firm. After conducting their research they came to a conclusion that promoting a healthy work atmosphere culture is not only sensible but also necessary to make sure that staff members feel devoted to their job, which could potentially lead to a longer stay within the firm. These researches illustrate how organizational culture can enhance employee engagement and productivity in Africa countries.

Numerous researches have studied the impact of organizational culture on employee engagement with a focus on Ethiopian context. Since cultural norms in developing nation like Ethiopia have somewhat different management system from the western industrialized countries. As noted by (Tesfaye, 2019) culture that encompasses its workers in every aspect of the organization are more likely to make employee motivated and engage better. Additionally a study conducted by (Rahel, 2014) , states that transformational leadership style has a favorable correlation with employee engagement along with the organization culture in Ethiopia. This researches indicates that organization culture affects the engagement of the employee in Ethiopia.

Certain studies have shown that there is no direct causal link between organization culture and employee engagement unless it is accompanied with other factors. According to (Nasser, 2015) states that “engagement of the employee is not directly influenced by the organizational culture unless and otherwise , it has mediated of job satisfaction so that's when it influence the employee engagement”. Moreover, according to (D, 2012), innovation and advancement of technology can influence employees engagement through imaginative thinking, growth in ability, and performance, in which all are crucial components to profitability and outcomes. More engaged employees are a plus for the firm but high engagement by its own may not be sufficient enough.

2.7 Relationship between Organizational Culture dimensions and Employee Engagement

2.7.1 Clan Culture and Employee Engagement

Multiple researches indicate that clan culture has a favorable effect on employee engagement. As stated by (Beyene, 2018) , clan culture has a beneficial and significant effect on employee's engagement. As noted by (Boyatzis, 2017) , “staff members who have a good connection with other staff members are seven times more prone to be engaged”. The interaction between clan culture, and employee engagement sets the basis for long term prosperity, increased performance, and a vibrant organizational culture (Bose, 2023). In addition (Hartnell, 2011) who claimed that implementing clan culture in a company enhances employee dedication and engagement toward their job.

As noted by (Lee M. a., 2017) claimed that influential clan culture will either enhance or favorably mitigate the association between corporate social responsibility (CSR) and success, where CSR has a substantial influence on employee engagement. Furthermore (Cameron K. a., 1999) determined that clan culture has a favorable impact on personnel commitment due to this culture's friendly work atmosphere, which encourage employee engagement and create a feeling of psychological bonding between workers. *In general, the literatures indicate that clan culture has a significant and favorable effect on employee engagement.*

2.7.2 Adhocracy Culture and Employee Engagement

Studies have shown that adhocracy culture has a favorable impact on employee engagement. Since this culture encourages the workers to be independent and inventive, the workers will be motivated to do their work and in result increases their engagement toward their job. According to (Saks, 2006) states adhocracy culture has a beneficial and significant influence on employee

engagement by revealing the independence and sense of autonomy offered by this culture, leads to greater degree of employee engagement.

In addition (Krog A. K., 2014) states people in nature are likely to display a higher level on engagement when they think like they have a certain control, freedom and responsibility over the things they do. This shows that giving workers a chance to be independent and creative will increase their engagement toward their jobs. Workers that sense in possession of their jobs are more devoted to their company, according to (Harper, 2015) and this culture provides staff members with greater chances for development, enhancing their dedication to the organization. *Generally, the literatures indicate that adhocracy culture has a significant and favorable influence on employee engagement.*

2.7.3 Market Culture and Employee Engagement

In market culture researchers are arguing regarding the casual relationship between market culture and employee engagement. Few studies state that market culture has a positive influence on employee engagement. As stated by (Gallagher, 2008) solidly confirms that market culture is a driver of superior employee engagement. According to (Cameron K. , 1999) states “in this type of culture, implementing a relevant reward plans and building a competitive atmosphere, the engagement of employees will typically increase”.

On other hand, most researchers claim that market culture has a negative impact on employee engagement. As noted by (Krog A. , 2014), high degree of competitiveness can reduce the total number of pleased and satisfied staff members and creates boredom which contributes to a negative effect on the firm such as employee disengagement. Competing vigorously for productivity and success can also lead in extreme tension stress and anxiety on the workers causing a negative effect on both physically and mentally which in result decreases employee engagement. Additionally (Harper, 2015) observed that market culture has a significant and negative influence on employee engagement. The pressure on accomplishing difficult objectives could have an adverse impact on the workers. The features of this culture such as aggressiveness, a particular accomplishment focus, and predetermined compensation may be regarded as a

negative aspect. *In general, majority of the literatures indicates that market culture has a significant and negative impact on employee engagement.*

2.7.4 Hierarchy Culture and Employee Engagement

Numerous studies have offered various views regarding the influence of hierarchy culture have on employee engagement. In this culture, researchers and academics are arguing whether hierarchy culture have a positive or negative effect on employee engagement. Few studies have shown hierarchy culture has a positive influence on employee engagement. Some argue that “some employee find authoritative work environments comforting”. According to (Beyene, 2018), hierarchy culture has a favorable effect and crucial relation with the performance and engagement of employees. In addition (Cameron K. a., 1999) states that in this culture, legislation and guidelines are said to maintain the company united and this stability and assurance are believed to create higher employee engagement. Although few researches have shown a positive association between the two variables, most research doesn't support that.

Most researches argue that hierarchy culture has a negative effect on employee's engagement. The cause is that this culture very strict and rigid culture and it limits the freedom and autonomy the worker has in its job. As noted by (Denison D. a., 1995) states that hierarchy culture hampers the business's sustainability as well as vital environmental reforms. “Since the majority of key decisions are made by staff members that are at the top level, lower level workers are typically discouraged and demotivated from expressing their views, thoughts, or offering ideas that contrast from those of the management” (Lee M. C., 2016).

Individuals who observe the company as quite bureaucratic were far less engaged to what they do compare to those who view the company more versatile and adaptable. Furthermore (Harper, 2015) states the primary emphasis on steadiness and authority in hierarchy cultures will restrict the existence and accessibility of job resources making this culture unfavorable to the employee engagement. In addition stated by (Friebel, 2004) this culture strongly focuses on strict rules tight supervision which negatively influence the employee engagement. *Generally, majority of the literature indicates that hierarchy culture has a significant and negative influence on employee engagement.*

2.8 Conceptual Framework

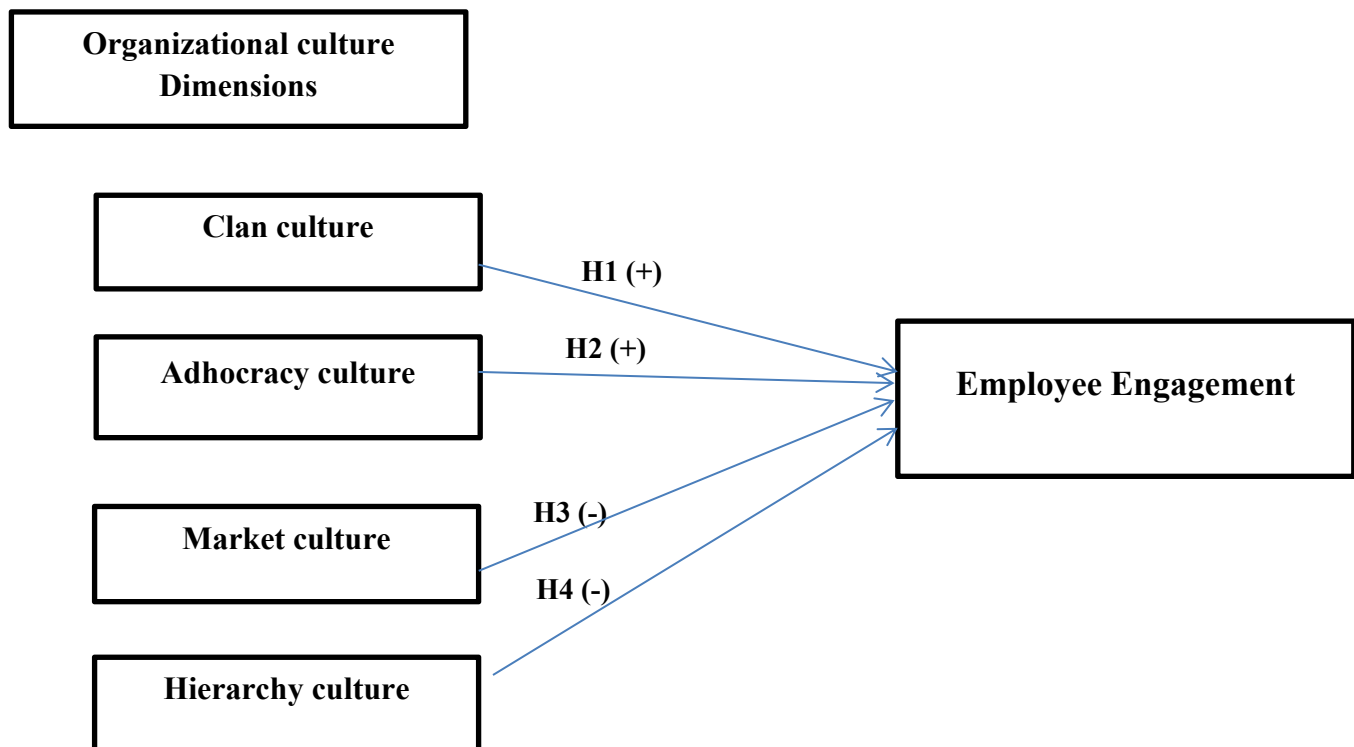


Figure 2-1 Conceptual Framework

Source: (adapted from danieldenisons model of 1990 with modification)

2.9 Hypothesis

- H1; The effect of clan culture on employee engagement is significant and positive.
- H2; The impact of adhocracy culture on employee engagement is significant and positive.
- H3; The effect of market culture on employee engagement is significant and negative.
- H4; The influence of hierarchy culture on employee engagement is significant and negative.

2.10 Research Gap

As to my knowledge, multiple researches have been carried out on the topic “The effect of Organizational culture on Employee Engagement” yet these researches have been seen to concentrate on different dimensions of organizational culture such as Hofstede six dimensions model which are power distance, Individualism versus Collectivism, Masculinity versus Femininity, Uncertainty avoidance, Long term versus Short term, Indulgence versus Restraint and others models. Another gap is the insufficient number of research on organizational culture in the banking sector compared to other sector such as agriculture, higher education, and diverse fields, which highlights a significant gap in the current research landscape.

Lastly most reaches are done in the western developed countries with relatively small amount of study is done in rapidly evolving economies such as the banking sector in Ethiopia. Ethiopia's banking industry is a good example of an emerging market that requires more study in the context of organizational culture because it is ripe for expansion and development. By studying the complex interactions between organizational culture, and employee engagement, within Ethiopian banking institutions, this study aims to fill this significant gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Description of the study

Nib International Bank S.C. began operation on 26 May 1999 with a 217 shareholders. It has become one of Ethiopia's rapidly rising private banks. The ultimate goal of the bank is to deliver novel, customer focused financial service by a means of enthusiastic staff members and state of the latest technology. Having about 325 branches all over Ethiopia, Nib International Bank in Addis Ababa allocates all of its branches into 4 districts based on their geographical location which are North East, Central, North West and South East. As indicated in the scope section in the first chapter this study assesses only Nib International Bank Headquarter.

3.2 Research Design and Approach

Research design is the general method for connecting the theoretical research concerns to the suitable and practicable empirical research. It is an inquiry which provides specific guidance regarding on how to conduct the research (Creswell, 2014). The study aims to examine the effect of organizational culture on employee engagement in the case NIB International Bank. In this research, I conducted quantitative research methods.

In this quantitative method I used explanatory approach and descriptive approach. Explanatory approach is an approach for telling the cause and effect of a well-defined subject. In our research we used it to show the casual relationship between the two variables which are organizational culture dimensions and employee engagement. I used this approach to examine the employee's perception of organizational culture impacts on employee engagement in the case of Nib International Bank. I also utilized descriptive approach to get a greater awareness and understanding of an area of the study and provide useful insights.

The data is gathered through questionnaires. Likert-scale questions are used to quantify the employee's attitude and the data acquired is entered in the computer to be analyzed using specific statistical data analysis method called Statistical Package for Social Science (SPSS) to acquire objective causal relationship between the two variables. From the time point of view, this research use cross-sectional which is the data is collected from many individuals at single point in time.

3.3 Sample size

3.3.1 Target Population

Every worker Nib International Bank Headquarters is not included in the study. I selected the right and fit candidate who have the appropriate knowledge, awareness, and ability to answer the questions related to organizational culture and employee engagement.

3.3.2 Sampling Technique

Systematic random sampling technique was conducted in the research so that each and every member of the target population has an equal chance of being chosen. This approach has significance that is crucial as it helps to reduce the risk of selection bias, ensuring that the sample accurately represents the overall target population under the study.

3.3.3 Sample size determination

A sample is an illustration of a particular population. To determine the sample size in this study, I applied the Taro Yamane's (1964) statistical formula also known as Slovin's formula. It is a mathematical formula which calculates the ideal number of sample size needed for the survey. A 95% confidence level is assumed for this formula to calculate the sample size, at $e=0.05$ and the sample size is determined by the following formula;

$$n = N / (1 + N * e^2)$$

where, n = Number of samples,

$N = \text{Total population}$

$e = \text{Error tolerance (level)}$.

By applying the above formula in our case

$$n = 530 / (1 + 530 * 0.05^2) = 227$$

- ❖ The sample size for this study will be 227 from the 530 target population.

3.4 Data Collection Instruments

To collect data from relevant sources, a primary data collection tool has been utilized.

As for primary data collection, questionnaires are employed. The questionnaire consists of structured Likert-scale questions entailed to examine employees' thoughts and view of various dimensions of organizational culture and allow them to utilize a ranking system to show whether they agree or disagree. Responses were measured on five point Likert-scale with 1= strongly disagree, 2= disagree, 3= no option, 4= agree, and 5 = strongly agree. These questions are intended to capture quantitative data on the casual relationship of organizational culture with employee engagement.

The questionnaire has been divided into 3 sections, the 1st section includes personal information of the respondents such age, gender, educational level, professional level and tenure in the organization (5 questions) and the 2nd section contains structured Likert scale questionnaires related to the dimensions of organizational culture (20 questions all together) and the 3rd section includes structured Likert scale questionnaires related of employee engagement (12 questions).

The questionnaires regarding employee engagement is adapted from Shuck, Adelson and Reio JR (Brad Shuck, 2022). For collecting organizational culture data, we will use Organizational Culture Assessment Instrument (OCAI) used by (Shurbagi, 2014) which standardized questionnaires that is used to measure computing value framework of organizational culture namely adhocracy culture, clan culture, hierarchy culture, and market culture.

3.5 Data analysis

Data collected from participants using the likert scale questionnaires is analyzed by using Statistical Package for Social Science (SPSS). This study uses quantitative approach which consists descriptive statistics and inferential statistics. Descriptive statistics such as dispersion and disparity and central tendency is evaluated by using standard deviation and mean respectively. It is used to summarize the responses. Inferential statistics such as multiple regression analysis model is applied for testing the four hypotheses drawn from the conceptual framework.

The multiple regression model will be computed as follows:

$$EE = B0 + B1X1 + B2X2 + B3X3 + B4X4 + e$$

Where:

EE= Employee Engagement

β_1 = Clan dimension of organizational culture

β_2 = Adhocracy dimension of organizational culture

β_3 = Market dimension of organizational culture

β_4 = Hierarchy dimension of organizational culture

e = error term,

β_0 = constant, term

X₁, X₂, X₃, and X₄, are coefficients

3.6 Reliability and validity

Reliability and validity are crucial when evaluating measurement tools for research purposes. Reliability is referred to the stability of findings, whereas validity is represented the truthfulness of findings (Sekaran, 2016). How well an instrument measures the specific notion it is intended to measure is referred to as its validity (Whitelaw, 2001) . To assure the validity multiple strategies is used. Construct validity will be improved by using known measurement for both organizational culture and employee engagement such as questionnaires regarding employee engagement is adapted from Shuck, Adelson and Reio JR (Brad Shuck, 2022 and questionnaires for organizational culture data is adopted from Organizational Culture Assessment Instrument (OCAI) used by (Shurbagi, 2014) which standardized questionnaires that is used to measure computing value framework of organizational culture and theses questionnaires cover all the important aspects of the concept being measured so has a content validity. Reliability is the overall consistency of a measure. “Reliability implies to the uniformity of results” (Altheide, 1994) . These measurements are considered to have reliability if they generate similar results under consistent circumstances. According to table 3.1, all the measurements are reliable with the acceptable Cronbach's alpha value above 0.7 for each independent namely clan culture, adhocracy culture , market culture, and hierarchy culture and dependent variable which is Employee Engagement.

Variable	Cronbach's Alpha	N of Items
Clan culture	.728	6
Adhocracy culture	.825	4
Market culture	.794	4
Hierarchy culture	.819	6
Employee Engagement	.835	12

Table 3.1 Reliability

The reliability of the items used to measure the variables was assessed using SPSS software. According to the outcomes the Cronbach alpha values of each factor ranged from 0.728 to 0.835, demonstrating that each of the items utilized for assessing the variables were statistically reliable because they were above the value of 0.7.

To assure the validity multiple strategies will be used. Construct validity will be improved by using known measurement for both organizational culture and employee engagement such as questionnaires regarding employee engagement is adapted from Shuck, Adelson and Reio JR (Brad Shuck, 2022) and questionnaires for organizational culture data is adopted from Organizational Culture Assessment Instrument (OCAI) used by (Shurbagi, 2014) which standardized questionnaires that is used to measure computing value framework of organizational culture and these questionnaires cover all the important aspects of the concept being measured so has a content validity.

3.7 Ethical Consideration

The researcher conformed to ethical requirements by citing appropriately, gathering and evaluating data honestly, preserving confidentiality of the information, receiving consent from the staff and organization which is Nib International Bank, and maintaining respondent identities anonymous. Researchers will provide participants with a thorough overview of the research's intent and allow them to withdraw at any time. Questioners were designed and disseminated to participants using ethical language whenever possible.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

In this chapter, the result gathered from Nib International Bank Headquarter employees using questionnaire survey are presented and analyzed. This chapter is divided into two main parts. The first part is to present the results of descriptive analysis and the second part presents the regression analysis results.

4.2 Response Rate

Questionnaires distributed	Questionnaires Returned	Percentage
227	182	80.1 %

Table 4.1 Response Rate

This research was designed to gain insights on how organizational culture affects employee engagement in the context of Nib International Bank. As demonstrated in table 4.1, 227 questionnaires were handed out to the employees and 182 were completely filled out and returned while the remaining questionnaires were declined due to incomplete and insufficient data, achieving a response rate of 80.1%. As stated by (Mugenda, 2003) “a 50% response rate is adequate, and a response rate higher than 70% is very good. Hence the response rate in this study was very good.”

4.3 Demographic Characteristics of Respondents

The necessary information for this study was obtained from employees of Nib International Bank Headquarter. These demographic factors were examined in regard to the variable under this research.

Respondents characteristics	Categories	Frequency	Percent
Gender	Male	112	61.5
	Female	70	38.5
Age	20 -30	63	34.5
	31-40	88	48.4
	41 and above	31	17.0
Level of Education	PhD	6	3.3
	Master's Degree	59	32.4
	Bachelor's Degree	117	64.3
Tenure in the organization	Less than one year	30	16.5
	1 -5 years	60	33.0
	6 -10 years	60	33.0
	Over 10 years	32	17.6
Organizational level	Operational	68	37.4
	Professional	85	46.7
	Management	29	15.9

Table 4.2: Demographic Characteristics of Respondents

The gender composition of respondents shows that out of the 182 respondents, 112(61.5%) are males and 70 (38.5%) are females. This shows that majority of respondents were males and there is a gender in balance in Nib International Bank headquarters.

The age distribution of the respondents' result indicates that the majority of respondents are in the age of 31 to 40 with 88 respondents comprising 48.4% of the total population, following that, 63 (34.6%) respondents that are the age of 20-30 and finally 31(17.0%) respondents that are the age of 41 and above. This study's age distribution is not proportionate throughout the three categories, with both younger and older groups having fewer participants.

Furthermore regarding the level of education, majority of the participants of the study shows that 117 (64.3%) have bachelor degree, following that 59 (32.4%) who have master's degree suggesting a substantial proportion of individuals with advanced educational background and lastly 6(3.3%) who have PhD indicating relatively less proportion of individuals with PhD Degree.

Moreover, based on the respondents' tenure in the organization shows that the majority of the respondents have a work experience from 1 to 5 years and 6 -10 years with 60 respondents (33.0%) each, followed by 32 respondents with 17.6% of the total population with a work experience of over 10 years. Respondents with less than one year experience are small in number with 32 respondents (16.5%). Over all, majority of the respondents have sufficient experience to be involved and provide organizational culture and employee engagement related information that is relevant for this study (See Table 4.2).

Finally, regarding organization level, majority of the respondents are working at professional level with 85(46.7%) following that operational level with 68(37.4%) and lastly management level with 29(15.9%). When we say professional level, we refer to the accountants, auditors, and financial analysts, the operational level implies the banks teller, or any employee who is involved in direct customer interaction, and the management level includes individuals who work at the top level such as the marketing management, the financial management and etc. This shows that all respondents have an adequate knowledge to answer the questionnaires that were distributed.

4.4 Results of Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Employee engagement	4.3516	.40812	182
Clan culture	3.5046	.62224	182
Adhocracy culture	3.5838	.76810	182
Market culture	3.8255	.69240	182
Hierarchy culture	3.4753	.66077	182

Table 4.3: Results of Descriptive Statistics

This section aims at assessing the level of employee engagement and which organization culture prevails at Nib International Bank. Participant response has been summarized in table 4.3 to get average score of each organizational culture dimension and employee engagement.

According to (Bagheri, 2009) “the mean score less than 3.39 is viewed as low, the mean score between 3.40 up to 3.79 is viewed as moderate and mean score greater than 3.8 is considered as high”. In the reply the dependent variable as shown in table 4.3, the mean value of employee engagement is 4.3516 (sd= 0.408) which is above the average value of 3.8 as noted by Bagheri. This indicates that employees who work at Nib International Bank Headquarters are highly engaged.

Clan culture has a mean value of 3.5046 and a standard deviation of 0.62224 (table 4.3). It is moderate according to Bagheri. This indicates that there is a general view of a moderate level of clan culture at Nib International Bank Headquarters.

Adhocracy culture has a mean value of 3.5838 and a standard deviation of 0.76810 (table 4.3). It is moderate according to Bagheri. This indicates that there is a prevailing perception of a moderate level of adhocracy culture at Nib International Bank Headquarters.

Market culture has a mean value of 3.8255 with a standard deviation of 0.69240 (table 4.3). It is high according to Bagheri. This indicates that the respondents in Nib International Bank Headquarters observed a high market culture. Since it has the highest mean score it is the dominant culture in the organization.

Hierarchy culture has a mean value of 3.4753 and a standard deviation of 0.66077 (table 4.3). It is moderate according to Bagheri. It demonstrates that respondents at Nib International Bank Headquarter perceived a moderate hierarchy culture. Since it has the least mean value it is least dominant culture in the organization.

As revealed in table 4.3 above, all the variables with a minimal standard deviation (less than 1) implying the responses are closer to the average value with less variation. This shows the mean is a good representation of the responses.

4.5 Correlation Analysis

		Correlations				
		Clan	adhocracy	market	hierarchy	Employee
Clan	Pearson Correlation	1	.602**	.583**	-.100	.546**
	Sig. (2-tailed)		.000	.000	.179	.000
	N	182	182	182	182	182
Adhocracy	Pearson Correlation	.602**	1	.672**	.064	.707**
	Sig. (2-tailed)	.000		.000	.388	.000
	N	182	182	182	182	182
Market	Pearson Correlation	.583**	.672**	1	-.161*	.439**
	Sig. (2-tailed)	.000	.000		.030	.000
	N	182	182	182	182	182
Hierarchy	Pearson Correlation	-.100	.064	-.161*	1	.001
	Sig. (2-tailed)	.179	.388	.030		.991
	N	182	182	182	182	182
Employee	Pearson Correlation	.546**	.707**	.439**	.001	1
	Sig. (2-tailed)	.000	.000	.000	.991	
	N	182	182	182	182	182

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

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.3 Correlation Table

As table 4.3 indicates Clan culture has a Pearson correlation coefficient of .546 with employee engagement, demonstrating a positive relationship between the two variables. Second, adhocracy culture with employee engagement has a Pearson correlation coefficient of 0.707, indicating a positive relationship between the two variables. Thirdly, Market culture has a Pearson correlation coefficient of .439 with employee engagement indicating a positive relationship. Lastly, the correlation between Hierarchy culture and employee engagement has a Pearson correlation coefficient of 0.001. This result indicates a positive relationship between hierarchy culture and employee engagement. Here it shows the relationship between the variables which are organizational culture dimensions and employee engagement. Next we will discuss the effect of this organizational culture dimension have on employee engagement using the regression analysis.

4.6 Regression Analysis Results

This research utilized multiple regression model to evaluate the casual relationship between organizational culture and employee engagement. The effect of organizational culture on employee engagement is further analyzed through regression analysis in the following sections.

This regression analysis will assess the presence of significant effect as well as the extent of contribution of variance.

4.7 Diagnostic Tests for Regression

4.7.1 Multi collinearity Test

Multi collinearity, also referred to near-linear dependence, is a statistical trait that is discovered when more than one independent variable in a multiple regression model is closely associated. It can be assessed by applying variance inflation factor (VIF) and tolerance static. From this, the following table illustrates the collinearity statistics.

Model		Collinearity Statistics	
		Tolerance	VIF
	(Constant)		
	Clan culture	.574	1.743
	Adhocracy culture	.450	2.221
	Market culture	.471	2.125
	Hierarchy culture	.911	1.098
a. Dependent Variable: Employee Engagement			
b. Predictors; (Constant), Clan culture, Adhocracy culture, Market culture, Hierarchy culture			

Table.4.4: Multicollinearity Test

According to (Jamal, 2017) clarifies “that if one or more of the VIF score surpass 5 or 10 or if the tolerance static is under 0.2, it indicate that the correlated regression coefficients are inadequately evaluated due to multicollinearity”. In this model the collinearity statistics illustrates the VIF scores are all under 10 whereas the tolerance statistics are all greater than 0.2. As a result, it is confident to presume that there is no collinearity. Which means all the independent variable are not highly related to each other.

4.7.2 Normality Test

Normality test is used to assess if the error term resembles normal distribution. A visual examination is employed here using histogram and normal probability plots.

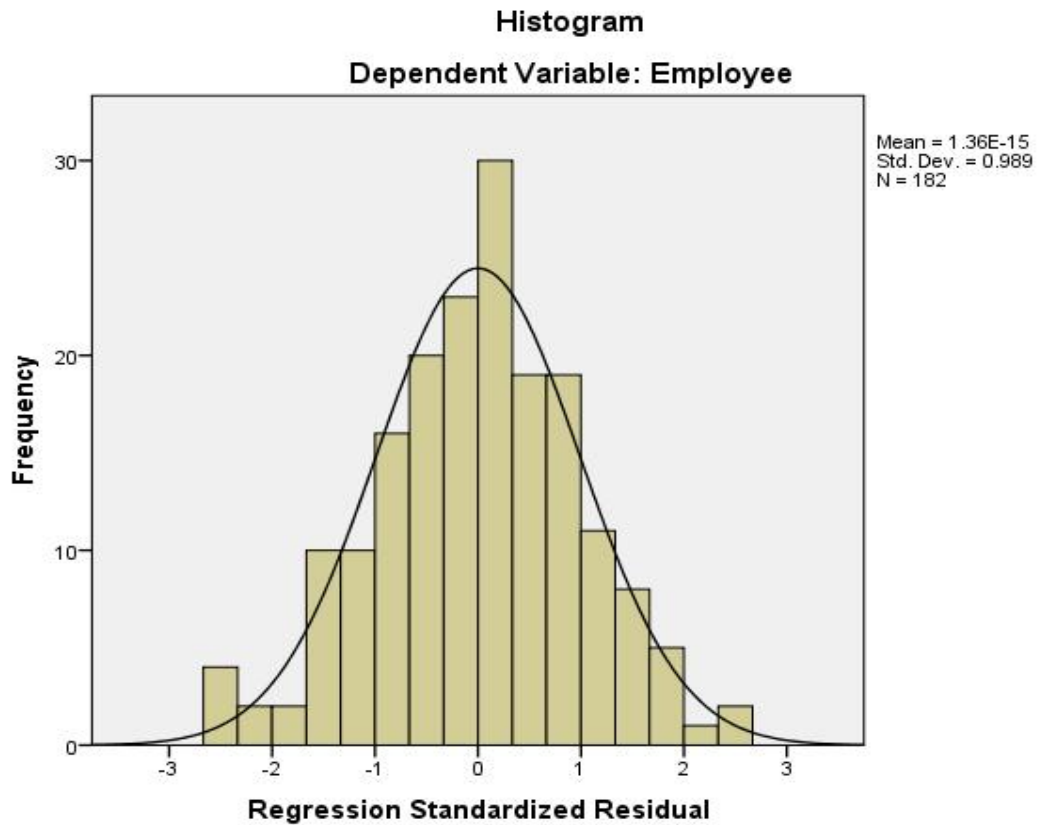


Figure 4.1 Histogram

According to (Das, 2016) data that is expressed by a bell-shaped graph are considered to possess a normal distribution. So figure 4.1 illustrates a bell-shaped graph which indicates that the residual is normally distributed.

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Employee

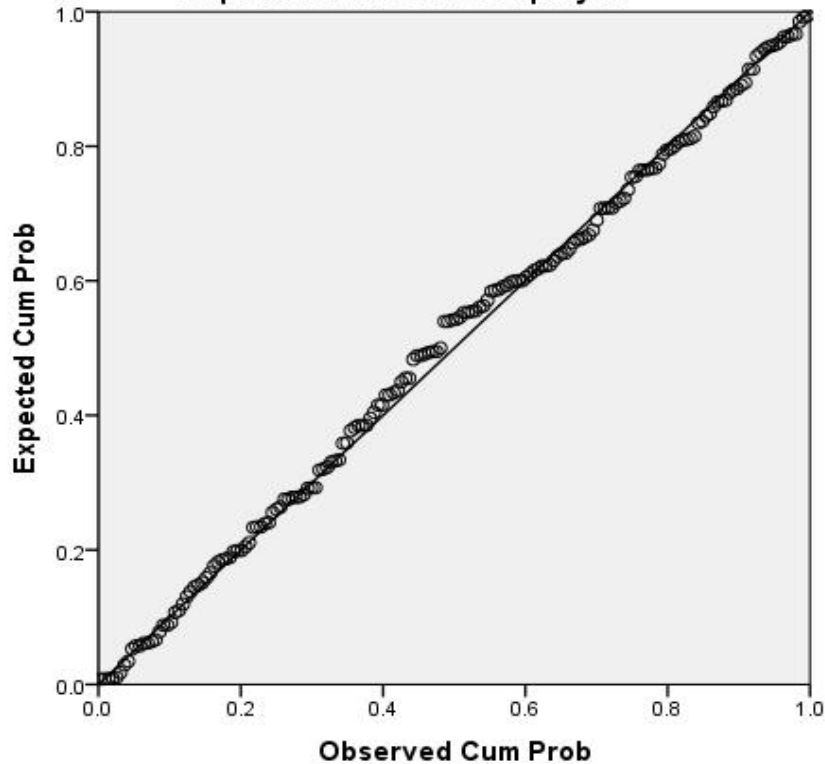


Figure 4.2: P –P Plot

As shown in figure 4.2, the residual is normally distributed.

4.7.3 Model Fit

R^2 , the adjusted R^2 and ANOVA are utilized in this study to determine the model fit. The R^2 is employed to calculate the variance in the employee engagement caused the dimension of organization culture, whereas, the adjusted R^2 analyses the cross-validity of the model. The model summary and ANOVA tables listed below illustrates the model fit outcomes.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.731 ^a	.534	.524	.28165
a. Predictors: (Constant), Clan, Adhocracy, Market ,Hierarchy				
b. Dependent Variable: Employee Engagement				

Table 4.5: Model Summary

As illustrated in table 4.5, the correlation between the observed value of Employee Engagement and the ideal linear combination of the organizational culture dimension namely clan culture, adhocracy culture, market culture, hierarchy culture is .731, as displayed by multiple R. On other hand as stated by (Schroeder, 1996) “R² indicates the proportion of the variation in the dependent variable that is explained by variations in the independent variables when used jointly”. As shown in table 4.5 having R² value of 0.534, it is possible to say that 53.4% of the variation in ‘Employee Engagement’ can be explained by the four dimensions of organizational culture. The other 46.6% of the variance is determined by other parameters not addressed in this research. This percentage of R² implies a strong model since the variance for the dependent variable related to the independent variables is high in this study which is more than 50 percent.

Cross-validation (The Adjusted R²)

It is challenging to believe that the model developed from our sample adequately represents the total population. One way to know is through cross validation. According to (T. Hastie, 2008) cross-validation is an approach for data resampling that is utilized to determine how well the model can generalize. It illustrates the amount of variation in the employee engagement variable would be addressed for if the model was created from the population from where the sample was collected. Cross-validation is obtained using the adjusted R² from the regression analysis.

- It is calculated by subtracting R^2 (0.534) with the adjusted R^2 (0.524).
 - =0.534 – 0.524
 - =0.010 (1.0 %)

This demonstrates that roughly 1% variance in the outcome would be indicated if the model had been taken from the population instead of the sample. This shows as the cross-validity of the model in this research is very good.

ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.107	4	4.027	50.761	.000 ^b
	Residual	14.041	177	.079		
	Total	30.147	181			
a. Dependent Variable: Employee Engagement						
b. Predictors: (Constant), Clan, Adhocracy, Market, Hierarchy						

Table 4.6: ANOVA Table

The ANOVA section of the table above was also significant (0.000), demonstrating that the combined influence of the four organizational culture dimensions is significant at 99% significance level. The p value 0.000, which is smaller than 0.05, implies that the regression model predicts the outcomes correctly and it is a good fit for the data.

4.8 Coefficients of the Multiple Regression Analysis

This research used a linear regression models in assessing the casual relationships between organizational culture and employee engagement. To this end, the equation used in the study was;

$$EE = B0 + B1X1 + B2X2 + B3X3 + B4X4 + e$$

Where:

EE= Employee Engagement

β_1 = Clan dimension of organizational culture

β_2 = Adhocracy dimension of organizational culture

β_3 = Market dimension of organizational culture

β_4 = Hierarchy dimension of organizational culture

e = error term,

β_0 = constant, term

X₁, X₂, X₃, and X₄, are coefficients of the independent variables

Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	2.994	.189		.000
	Clan culture	.146	.044	.222	.001
	Adhocracy culture	.362	.041	.681	.000
	Market culture	-.091	.044	-.155	.039
	Hierarchy culture	-.028	.033	-.046	.396

Table 4.7: Coefficients of Dependent and Independent Variables

The beta weight (β) is defined as “the degree to which the dependent variable will shift for one independent variable change while other things remaining constant” (Courville, 2001) . The following model is constructed based on the standardized beta coefficient of the predictor variable. We use the standardized beta coefficient since the variables have different scales.

- Employee Engagement = 2.994 +0.222 (Clan) +0.681 (Adhocracy) - 0.155 (Market) + e

As Table 4.7 indicates in the regression equation all the dimension of organizational culture has a significant influence on employee engagement, with the notable exception of hierarchy culture.

- Clan culture has (beta value= 0.222) meaning if one standard deviation increase in clan culture, employee engagement is expected to increase 0.222 times. Adhocracy culture has a (beta value= 0.681) meaning if one standard deviation of adhocracy culture increases employee engagement is expected to increase by 0.681 which is very high among other variable. Market culture has a (beta value = -0.155) meaning if one standard deviation of market culture is increased employee engagement is expected to decrease by 0.155 that why we say clan culture and adhocracy culture has positive association and market culture have negative. For hierarchy culture the sig value is 0.396 and a (beta value = -.046) which indicates that hierarchy culture has no significant influence on employee engagement. And the beta coefficient indicates that when one standard

deviation of hierarchy culture increases employee engagement will decrease by .046. However since has no significance effect, we can't say that this causal relationship is meaningful.

4.9 The significance and direction of the both variables

Here we will look at the significance degrees and the direction of effect that each predictor variable has on the outcome variable based on the coefficients.

I. Employee Engagement and Clan Culture

The effect of employee engagement on clan culture is significant at 99% (sig value=.001) and a positive effect on employee engagement (beta coefficient = .222). Therefore, the hypothesis that proposed a significant and positive effect of clan culture on employee engagement is supported. That means the existence of robust relationship, creating a work atmosphere of intense cooperation where every staff member is treated like a family and where communication and interaction is emphasized among staff members results in increasing the employee engagement in that firm.

II. Employee Engagement and Adhocracy Culture

The influence of employee engagement on adhocracy culture is significant at 99% (sig value= .000) and a positive impact on employee engagement (beta coefficient= .681). Therefore the hypothesis that stated the impact of adhocracy culture on employee engagement is significant and positive is supported. That means creating a work atmosphere that fosters versatility and freedom, promoting creative thinking and willingness to take risks in a firm boosts the employee engagement.

III. Employee Engagement and Market Culture

The effect of market culture on employee engagement is significant at 95% (sig value = .039) and a negative influence on employee engagement (beta coefficient = -.155). Therefore, the hypothesis that stated the influence of hierarchy culture on employee engagement is significant and negative is supported. That means creating a work environment that is fiercely competitive, is focused on the outcomes, geared toward the market and emphasizes on effectiveness, profitability and output leads to disengagement of employee in that organization. This is because this culture causes exhaustion, tiredness and stress to the staff members.

IV. Employee Engagement and Hierarchy Culture

The influence of hierarchy culture on employee engagement is not significant (sig value = .396). The negative beta coefficient (-.046) indicate that hierarchy culture has a negative impact on employee engagement. However this beta weight was not statistically significant because its sig value is not less than 0.05, so we cannot confidently conclude there is negative impact between the two variables. Therefore, the hypothesis that stated the influence of hierarchy culture on employee engagement is significant and negative is not supported. That means creating a work atmosphere that have a solid organizational framework, established rules and centered on top-down decision making process won't have a significant impact on the level employee engagement.

4.10 Summary of the Hypothesis

<u>No</u>	<u>Hypothesis</u>	<u>Result</u>	<u>Decision</u>
H1	<i>The effect of clan culture on employee engagement is significant and positive.</i>	Significant , Positive	H1 Supported
H2	<i>The impact of adhocracy culture on employee engagement is significant and positive.</i>	Significant, Positive	H2 Supported
H3	<i>The effect of market culture on employee engagement is significant and negative.</i>	Significant, Negative	H3 Supported
H4	<i>The influence of hierarchy culture on employee engagement is significant and negative.</i>	Non-significant	H4 Not Supported

4.11 Discussion

The major objective of this study is to examine the effect of organizational culture on employee engagement. For the purpose of inferential analysis, multiple regression analysis has been used and the assumptions have also been tested.

Clan culture (p value=.001, Beta= .222)

This indicates that clan culture has a significant and positive effect on employee engagement. This finding is similar to the study by (Beyene, 2018) which states clan culture has a beneficial and significant effect on employee's engagement. In addition a study by (Boyatzis, 2017) states staff members who have a good connection with other staff members are seven times more prone to be engaged. The authors states that the interaction between clan culture, and employee engagement sets the basis for long term prosperity, increased performance, and a vibrant organizational culture.

Adhocracy culture (p value= .000, Beta =.681)

This indicates that clan culture has a significant and positive effect on employee engagement. This finding is similar to (Saks, 2006) that states adhocracy culture has a beneficial and significant influence on employee engagement by revealing the independence and sense of autonomy offered by this culture, leads to greater degree of employee engagement. In addition (Krog A. K., 2014) states people in nature are likely to display a higher level on engagement when they think like they a have a certain control, freedom and responsibility over the things they do. The authors state that giving workers a chance to be independent and creative will increase their engagement toward their jobs.

Market culture (p value=0.039, Beta = -.155)

This indicates that clan culture has a significant and positive effect on employee engagement. This finding is similar to (Krog A. K., 2014) that states high degree of competitiveness can reduce the total number of pleased and satisfied staff members and creates boredom which contributes to a negative effect on the firm such as employee disengagement. Additionally (Harper, 2015) observed that market culture has a significant and negative influence on

employee engagement. The authors states that competing vigorously for productivity and success can also lead in extreme tension stress and anxiety on the workers causing a negative effect on both physically and mentally which in result decreases employee engagement.

Hierarchy culture (p value= -.396, Beta -.046)

This indicates that hierarchy culture has non-significant effect on employee engagement. Most research states that hierarchy culture has a negative and significant effect on employee engagement but in our study the p value is above 0.05 which is considered statistically not significant. This finding is similar with studies that have been tested in previous researches, and it was found that hierarchical cultures have no significance and are negatively related to work engagement (Krog, 2014; Harper, 2015). They states that hierarchy culture is not expected to foster engagement in the majority of employees. Therefore, it is hypothesized that hierarchy culture has no significance and negative relationship with employee engagement.

CHAPTER 5

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

The purpose of this study is to examine the impact of organizational culture dimension (clan , adhocracy, market and hierarchy culture) on employee engagement. This chapter presents summary of findings followed by conclusion, recommendation, and suggestion for further studies. The Nib International Bank Headquarters would be advised based on the findings of the study.

5.1 Summary of Findings

Descriptive analysis and multiple regression was employed in this research to know the effect of organizational culture (independent variable) have on employee engagement (dependent variable) and which culture prevails in Nib International Bank Headquarters.

Descriptive analysis is employed by the percentage and frequency of Nib International Bank Headquarters participants, as well as the mean and standard deviations to pinpoint which independent variables is dominant. According to the descriptive analysis, the Nib International Bank has organizational culture demonstrated through clan culture with a mean value of 3.5046 (sd= 0.6224), adhocracy culture with a mean value of 3.5838 (sd = 0.768), market culture with mean value of 3.8255 (sd = 0.69240), and hierarchy culture with a mean value of 3.4753 (sd = 0.66077). That means clan culture, adhocracy culture and hierarchy culture have a moderate mean value while market culture have a high mean value according to (Bagheri, 2009). On other hand the dependent variable which is employee engagement has a mean value of 4.3516 which is greater than the average value of 3.8 according to (Bagheri, 2009) and standard deviation 0.40812 which is less than 1.

- ❖ This mean result of the independent variable shows that the most dominant culture in the organization is market culture with a mean value of 3.8255 (sd = 0.6924) higher than the rest of the cultures.
- ❖ The mean result of the dependent variable shows that employees in Nib International Bank Headquarters are highly engaged with a mean value of 4.3516 (sd= 0.40812).

According to the regression analysis, from the four independent variable, the two independent variables namely clan culture and adhocracy culture have a significant and have a favorable effect on employee engagement and market culture has a significant and negative impact on employee engagement while hierarchy culture does not have significant effect on employee engagement.

Nevertheless the amount and extent of contribution variance varies. Depending on the standard coefficient (beta) values, adhocracy culture (B=0.681) has the highest contribution for the variance followed by clan culture (B=0.222), market culture (B= -0.155) and hierarchy culture (B= -0.046) (Table 4.7).

- ❖ Clan culture is found to have a significant (sig value=0.001) and positive (beta =0.222) effect on employee engagement. (Table 4.7)
- ❖ Adhocracy culture is found to have a significant (sig value =0.000), and positive (beta =0.681) influence on employee engagement. (Table 4.7)
- ❖ Market culture is found to have a significant (sig value = 0.039) and negative (beta = -0.155) impact on employee engagement. (Table 4.7)
- ❖ Hierarchy culture (sig value = 0.396, beta = -0.046) have no significant influence on employee engagement. (Table 4.7)

- ❖ The four organizational dimensions namely clan culture, adhocracy culture, market culture, and hierarchy culture together explain 53.4% of variation in employee engagement. The other 46.6% of the variance is determined by other parameters not addressed in this research (table 4.5).

5.2 Conclusion

The fundamental objective of this study is to examine the effect of organizational culture on employee engagement at Nib International Bank. The outcome from the descriptive section of this study indicates that employees at Nib International Bank are highly engaged. In addition the type of culture that prevails in Nib International Bank Headquarters is market culture and the least dominant culture is hierarchy culture.

The regression analysis of this current research showed a significant and positive effect of the two dimensions of organizational culture namely clan culture and adhocracy culture on employee engagement, and a significant and negative influence of market culture on employee engagement. However, hierarchy culture has a non-significant effect on employee engagement. This implies that employees who work in an organization with clan or adhocracy culture have a greater possibility of being engaged while employees who work at the organization with a market culture will less likely be engaged according to the findings. However, there is not a noticeable distinction in the level of engagement between people working in hierarchical cultures based on our research.

Hence, this study shall help Nib International Bank and other organizations in the banking sector to recognize the effect of organizational culture dimensions (clan culture, adhocracy culture, market culture, hierarchy culture) have on employee engagement and how crucial it is to know your dominant culture.

5.3 Recommendations

The finding of this study using both descriptive analysis and regression analysis is that clan culture and adhocracy culture have a significant and positive influence on employee engagement, market culture has a significant and negative effect on employee engagement and hierarchy culture has a non-significant and negative influence on employee engagement. And the dominant culture in Nib International Bank Headquarter is the market culture.

As stated previously the dominant culture in Nib International Bank is market culture and as the regression analysis result shows that market culture have a significant and negative relationship with employee engagement which could harm the level of engagement of the employees. Hence, Nib International Bank and similar organizations should give special priority to ensure that a culture that is dominant in your organization should be the one which have a significant and a favorable effect on employee engagement. Since employees who are engaged are more likely to be satisfied with their jobs, more productive, and more likely to stay within the company.

With regard to the findings of both the regression and descriptive analysis in this study, the following recommendations are put forth.

- ❖ Though market culture is found to be dominant at Nib International Bank Headquarters, it negatively affect employee engagement according to result. Therefore, Nib International Bank should take steps to reduce this culture within its organization since it will make employees less engaged. This could involve reducing fiercely competition among staff members, less focusing only on the outcomes.
- ❖ Nib International Bank should promote clan culture since they have a significant and beneficial influence on employee engagement by making employee feel like a family rather than just a worker, having a close relationship among staff workers, and by creating a work atmosphere of intense cooperation where every personnel is treated with respect and where communication and interaction is emphasized among staff members.

- ❖ Nib International Bank should promote adhocracy culture since they have a significant and favorable effect on employee engagement by creating a work atmosphere that fosters versatility and freedom, promoting creative thinking and willingness to take risks.
- ❖ Banks should be aware which organizational culture is beneficial and which is not and focusing on the one that enhance the employee engagement.

5.4 Suggestions for Further Studies

- For this study data was collected from only one company that is Nib International Bank. This limits generalizability of the finding to other banks. Therefore, to increase generalizability further study involving other banks is suggested.
- Moreover, the effect of hierarchy culture on employee engagement in this study contradicts the previous findings that are mentioned on chapter 2 section 2.7. Therefore repeating similar studies to identify the true effect of hierarchy culture on employee engagement is suggested.
- The unexplained variance of employee engagement in this research which accounts 46.6% requires further research that incorporates other variables so further research can include maybe leadership style, monetary compensation and etc while conducting their research.

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ANNEX I-DATA COLLECTION INSTRUMENTS



ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE DEPARTMENT OF BUSSINESS LEADERSHIP MASTERS THESIS QUESTIONNAIRE

Dear Sir/ Madam

This questionnaire is intended to obtain information in order to conduct a thesis entitled "THE EFFECT OF ORGANIZATIONAL CULTURE ON EMPLOYEE ENGAGEMENT: (CASE STUDY OF NIB INTERNATIONAL BANK)". The data collected and the information to be answered in this questionnaire will be used for academic research purpose only. All information will be kept confidential at all times.

Only a generalized analysis of the information contained within this completed questionnaire will be utilized in the research process.

Instruction; Please answer, rate, and tick () the questionnaire by choosing the appropriate choices. The questionnaire and data collection contain sections. Section one contains the respondent's general information, section two specific questions about organizational culture, section 3 questions about employee engagement. I realize that there are numerous demands on your time. However, your involvement is a vital requisite for this.

Therefore, I kindly request your valuable cooperation to timely respond the provided information given in the questionnaire survey, and return back the questionnaire paper as soon as possible.

Thank you in advance for your cooperation and honesty in providing me your valuable response.

If you have any queries or seek clarifications, please contact me via email:

elsabetabuye5@gmail.com

Sincerely yours

Elsabet Abuye

PART ONE: BACKGROUND INFORMATION

Tick appropriately (√)

1. Gender: Male () Female ()

2. Age

a. 20 – 30 years ()

b. 31 – 40 years ()

c. 41 and above ()

3. Highest Level of Education

a. PhD ()

b. Master's Degree ()

c. Bachelor's Degree ()

4. Tenure in the organization:

a. Less than 1 year ()

b. 1 – 5 years ()

c. 6 – 10 years ()

d. Over 10 years ()

5. Organizational level

a. Clerical ()

b. Professional ()

c. Management ()

For part two and three please rate the following statements by ticking (✓) or X) in the appropriate box to indicate how much you agree or disagree with each statement.

1 Strongly Disagree	2 Disagree	3 No Comment	4 Agree	5 Strongly Agree
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PART TWO :ORGANIZATIONAL CULTURE

No	Organizational culture	1	2	3	4	5
	CLAN CULTURE					
1	My work environment is a quite intimate space. It's like having a larger family.					
2	My company's leadership is often considered as exemplifying coaching, facilitation, or caring					
3	Collaboration, unity, and involvement describe my company's management philosophy.					
4	Loyalty and trustworthiness are the glue that holds the company together. This company has a lot of individuals that are enthusiastic about it.					
5	My company values human growth. High level confidence, transparency, and dedication continue.					
6	My company defines success in terms of human resource advancement, collaboration, employee dedication, and concern					

	for others.					
	ADHOCRACY CULTURE					
1	Personal risk-taking, creativity, versatility, and individuality define the management style of my company.					
2	Passion to creativity and development is the glue that holds the company together. There is a strong emphasis on being cutting edge.					
3	My company focuses on the acquisition of new resources and the creation of new obstacles. Attempting novel things and exploring for new opportunities are regarded favorably.					
4	Success in my company is described by efficiency. Steady delivery, and easy planning					
	MARKET CULTURE					
1	My company's management style is described by hard-driving rivalry, high expectations, and success.					
2	The focus on accomplishment and goal attainment is the glue that holds the company together. Assertiveness and winning are common themes.					
3	The glue that holds the company together is commitment to creativity and development. There is an focus on being on the cutting edge.					
4	The management style in the organization is characterized by teamwork, consensus, and participation.					

	HIERARCHY CULTURE					
1	My company is a highly restricted and structured workplace. In most cases, formal procedures determine what people do.					
2	My company's leadership is commonly regarded to represent coordination, organization, and smooth opera					
3	My company's management style is described by job security, uniformity, predictability, and interpersonal stability					
4	Formal rules and policies are the glue that holds the company together. It is essential to keep the company working smoothly.					
5	My company places a premium on permanence and stability. The significance of efficiency, control, and seamless operations cannot be overstated.					
6	My company describes accomplishment in terms of efficiency. Reliable delivery, flexible scheduling, and low-cost production					

PART THREE: EMPLOYEE ENGAGEMENT

No	Employee Engagement	1	2	3	4	5
1	I am entirely focused on my duties, when I am doing my job.					
2	I focus on what I'm doing, when I am at my job.					
3	I am highly concentrated on my job obligations.					
4	At work, I concentrate on my job.					
5	Working at my present organization has a plenty deal of personal value to me.					
6	I feel an intense feeling of belonging to my job.					
7	I'm confident in the mission and purpose of my organization.					
8	I am concerned about the future of my organization.					
9	I really challenge myself to work harder than is required of me.					
10	I am willing to put in additional effort without being asked.					
11	I usually go beyond what is required of me to support my team succeed.					
12	I work harder than required to support my organization to achieve and prosper.					