

The Role of Employee Engagement on
Organization's Performance in the case of
East Africa Bottling Share Company

By: Fekadu Delil (GSE 6759/12)

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Advisor: Mr. Fisseha A. (Asst. Professor)



Addis Ababa University

School of Commerce (MBL Program)

Addis Ababa

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DECLARATION STATEMENT

I declare that the project work "THE ROLE OF EMPLOYEE ENGAGEMENT ON ORGANIZATIONAL PERFORMANCE IN EAST AFRICA BOTTLING SHARE COMPANY" is my original work and that all sources of information used in the work have been properly acknowledged.

Fekadu Delil _____ Signature _____ Date _____

Addis Ababa University

College of Business and Economics

School of Commerce

Certification Statement

This is to certify that Fekadu Delil's project, The Role of Employee Engagement on Organizational Performance: The Case of East Africa Bottling Share Company, which was submitted in partial fulfillment of the requirements for the Master of Arts in Business Leadership degree, complies with University regulations and meets accepted standards in terms of originality and quality.

Declared by:

Fekadu Delil _____ **Signature** _____ **Date**

Confirmed by Advisor:

Fisseha A. _____ **Signature** _____ **Date**

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

Business Leadership program

The Role of Employee Engagement on Organization's performance in
East Africa Bottling Share Company

By:-

Fekadu Delil

ID GSE 6759/12

Approval of Advisor

Fisseha A (Asst. Professor)

Signature

Internal Examiner

External Examiner

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List of Abbreviation

EE----- Employee Engagement

EABSC _____ East Africa Bottling SC

SPSS-----Statically Package for social sciences

ET -----Social Exchange Theory

WE -----Working Environment

HR----- Human resource

EI----- Emotional intelligence

UWES-----Utrecht Work Engagement Scale

RR-----Reward and Recognition

ABSTRACT

The primary goal of this study is to investigate the role of employee engagement on an organization's performance in the case of East Africa Bottling Share Company. This study was based on information acquired from East Africa Bottling Share Company's managers/supervisors, non-managerial employees, and professionals. The research employed a quantitative technique and an explanatory research design. The information utilized in the study was gathered from primary sources using questionnaires adapted from previous studies. The research was limited to the Addis Ababa plant, and the three dimensions of employee engagement were used conceptually: vigor, dedication, and absorption. The Utrecht Work Engagement Scale (UWES) was used to determine the level of employee engagement. The performance of the organization was assessed on two dimensions: financial and non-financial, as determined by literature.

Descriptive statistics were used to examine data collected from respondents using a five-point Likert scale. Employee engagement and non-financial performance had a substantial association, whereas employee engagement and financial performance had a poor correlation, according to the study's findings. The current study's findings suggest that employee engagement is important for organizational success because of the various contributions engaged individuals provide to their firms.

Keywords: Employee Engagement, Utrecht work engagement scale, Vigor, Dedication, Absorption, financial performance and non-financial performance.

CHAPTER ONE

INTRODUCTION

The background of the study, the organization's background, a problem statement, the study's purpose, and research objectives are all covered in this chapter. The study's significance, delimitations, definitions of terminology, and organization were then discussed.

1.1 Background of the study

Employee engagement is definitely a dominant source of competitive advantage at all organizational levels, and employees are an immensely important company asset (Schwartz, 2011). It says that a study of 90,000 employees in 18 countries done between 2007 and 2008 indicated that organizations with the most engaged employees had a 19 percent rise in operating income in the previous year, while those with the lowest levels had a 32 percent drop. This reinforces the idea that people in organizations cannot be cloned or imitated by competitors in order to gain a competitive advantage.

Employees that are engaged have a greater feeling of purpose in their work, which is linked to psychological safety and psychological availability (Kahn, 1990:694). Employee engagement allows them to get absorbed in their work, dedicated to the organization and its goals, and show vigor in their interactions and task execution (Schaufeli, Salanova, Gonzalez-Roma & Bakker, 2002:74). As a result, engaged employees produce important organizational outcomes, providing firms with a much-desired competitive advantage (Werner, 2011:21).

According to Gruman and Saks (2011:125), the top 25% of an engagement index had a higher return on assets, profitability, and more than double the shareholder value than the worst 25% in a sample of 65 businesses from various industries.

Employee engagement has been shown in numerous studies to have a significant impact on employee outcomes, business outcomes, success, and staff work performance and productivity (Bates 2004; Baumruk 2004; Harter et al. 2002; Richman 2006). De Waal (2007) found that high-performing organizations' leaders are "dedicated to the organization for the long haul by combining common purpose with self-interest and teaching organizational members to put the organization first." Employee involvement, as first proposed by Kahn (1990), has a favorable impact on organizational success. His argument was that because employees desire to work for reasons other than "being paid to do it," they will work to ensure the success of their company.

The purpose of this article was to determine the role of employee engagement on organizational performance, as indicated by the study's title; the researcher introduces the employee engagement dimensions. Despite the lack of empirical research on employee engagement features, Schaufeli, Salanova, González-Roma, and Bakker (2002, p. 74) defined engagement as a positive, gratifying, work-related state of mind marked by energy, devotion, and absorption. As a result, the researcher was investigate whether these variables of employee engagement play a significant role in organizational success in Ethiopia, particularly in the case of east African bottling sharing company.

EABSC's aim is to increase profitability and long-term unit case sales of Coca-Cola products by pleasing new and current customers with great market execution and a growing return on

investment. The company is working to achieve its goal of becoming one of the greatest bottlers in the world in terms of product quality and packaging standards.

Employee engagement has been demonstrated to enhance productivity when an organization has a greater level of employee engagement, so understanding employee engagement can assist a company increase productivity and retain personnel. The purpose of this study was to determine the role of employee engagement on EABSC's organizational performance.

1.2 Background of the organization

East Africa Bottling Share Company (EABSC), the sole bottler of Coca-Cola products in Ethiopia, is one of the players in the fast-growing manufacturing sector. It is owned by Coca-Cola Beverages Africa (CCBA).

With an initial capital of birr 750,000, the East Africa Bottling Share Company was founded in 1959 by five Ethiopians with the first facility in Abinet, Addis Ababa. The second facility, which is located in Dire Dawa, was opened in 1965. One foreign national joined the five Ethiopians this time. In May 1999, the company took a big step forward by forming Coca-Cola South Africa Bottling Company, a joint venture with South Africa Bottling Company (CCSABCO). Coca-Cola Sabco increased its share to 61 percent in 2001, and now controls the majority of the company's leadership and management. Coca-Cola Sabco was amalgamated with The Coca-Cola Company and SABMiller on July 2, 2016, to establish Coca-Cola Beverages Africa (CCBA). Their respective stakes are as follows: SABMiller: 57.0%, Coca-Cola SABCO (Gutsche Family Investments): 31.7%, and the Coca-Cola Company: 11.3%.

Following the privatization and merger with the South African company, EABSC has continued to thrive, owing to the mother company's strategic leadership and many years of business experience. This has resulted in advancements in professionalism, expertise, and experience,

which have benefited both parties over the previous 15 years and are projected to continue in the future. Now, CCBA serves 12 high-growth countries accounting for approximately 40 percent of all Coca-Cola beverage volumes in Africa.

CCBA now serves 12 fast-growing African countries, contributing for around 40% of total Coca-Cola beverage volumes.

EABSC opened its third facility at Bahir Dar on June 12, 2013, and began serving the northern Ethiopian market on November 16, 2016. In Sebeta, EABSC has built its fourth facility, which will begin full production in June 2022.

EABSC, as a CCBA subsidiary, aspires to be the best Coca-Cola bottler in the world, outperforming all other Coca-Cola bottlers in terms of sales volume and return on capital used. EABSC's mission is to add value to everyone involved in the business by offering the appropriate refreshment at the appropriate price and location.

EABSC's value statement highlights that the organization will retain honesty, individual initiative, customer value, teamwork, people development, mutual trust, respect, and commitment in order to create an environment where employees are excited about the performance.

EABSC is governed by chief executive management team (CMT) consists of Ethiopians and internationals. The executive management team, led by the Chief Executive Officer and include competency/department Directors, reports to the Chief executive officer.

East Africa Bottling Share Company employs around 2000 regular people in its manufacturing factories in Addis Ababa (1500), Dire Dawa (317), Bahir Dar (200), and Sebeta (60) as of December 2021.

1.3 problem of statement

We may instinctively understand that engagement and performance are inextricably linked.

After several years of surveys, several scholars and research organizations, such as Towers Perrin's study (2005), found that there is a correlation between engagement and performance and performance. According to Armstrong (2009), the concept of job satisfaction is inextricably tied to the concept of engagement. Job satisfaction relates to people's attitudes and sentiments toward their jobs. Positive attitudes toward work lead to engagement and, as a result, job satisfaction. Job discontent is indicated by negative and unfavorable attitudes toward the job.

Wilkinson (2010) also lays the groundwork for increased employee engagement in the types of organizational decisions that are likely to affect performance. Personal relationships and balancing personal and professional goals are difficult challenges for any company to meet.

Engagement, in general, is a blend of heart and head, according to Cheese (2008). As previously said, employee engagement is a two-way good interaction between the individual and their employer.

Despite the fact that the East Africa Bottling Share Company has advanced employee engagement practices such as recognition and awards, involving employees in decision-making, open communication, and setting expectations, there is no factual proof that the company's performance has improved. Most of the company's major performance indicators are below the planned aim, according to two annual fiscal year reports for 2020 and 2021. Despite the fact that there are numerous aspects that influence a company's performance, various experts contend that employee engagement plays a significant part in accomplishing organizational objectives.

At light of this, the researcher wishes to investigate the impact of employee engagement on an organization's performance in the East Africa Bottling Share Company.

1.4 Research Question

The following research questions led the investigation.

- i. What is EABSC's employee engagement level?
- ii. In EABSC, what is the relationship between employee engagement and financial performance?
- iii. In EABSC, what is the relationship between employee engagement and non-financial performance?
- iv. How does employee engagement affect the organization's performance?

1.5 Research Objective

1.5.1 General Objective

In the case of East Africa Bottling Share Company, the overall goal of this research was to look into the role of employee engagement on the company's performance.

1.5.2 Specific Objectives

This study has specific objectives within the scope of the overall goal, as listed below.

- (i) To assess the level of EABSC's employee engagement
- (ii) To examine the relationship between employee engagements and organization's financial performance in EABSC?
- (iii) To examine the relationship between employee engagements and an organization's non-financial performance in EABSC?
- (iv) To find out the effect of employee engagement on an organization's performance.

1.6 Significance of the Study

The findings of this research will be useful in the following ways:

- i. The findings will add to the current literature, allowing other researchers with an interest in employee engagement and organizational success to create related research questions.
- ii. The findings of this study will have a stronger impact on how executives develop and direct employee engagement. This study will be especially important to EABSC as it restructures its employee engagement approach, which is a key driver of organizational performance.
- iii. Future researchers who will conduct research on the same topic of employee engagement and organizational performance will benefit from the findings, as they will gain a better understanding of employee engagement dimensions and the relationship between employee engagement and organizational performance, among other things.
- iv. The research will assist the researcher in meeting the requirements for a master of business leadership degree from Addis Ababa University's School of Commerce.

1.7 The study's scope / delimitation

Addis Ababa, Dire Dawa, Sebeta, and Bahir Dar are the four manufacturing plants owned by the case firm. Because of the following reasons, the study was limited to permanent personnel in the Addis Ababa plant: First, the Addis Ababa factory employs the vast majority of the workforce (almost 75%), and the researcher believes that a representative sample may be chosen from this group to reach a result. Second, due to a time and geographical constraint, the researcher prefers to collect data at the Addis Ababa plant.

Employee engagement can be studied from a variety of angles, but the scope of this study was narrowed to only consider the consequences on organizational performance.

1.8 definition and terminologies

Employee engagement is best described as the alignment of one's self with one's job roles. People express themselves cognitively, physically, and emotionally while performing their work tasks when they are engaged (Kahn, 1990).

Disengagement: When people are disengaged from their task, they withdraw and defend themselves physically, mentally, or emotionally (Kahn, 1990).

Burnout is a sort of workplace stress characterized by physical, emotional, or mental tiredness, as well as concerns about one's own competency and the value of one's work (**Maslach, Schaufeli, & Leiter, 2001**).

When working, **vigor** refers to having a lot of energy and mental toughness (Bakker, Demerouti & Xanthopoulou, 2007).

Dedication means being deeply invested in one's job and feeling a sense of significance and enthusiasm for it (Bakker, Demerouti & Xanthopoulou, 2007).

Absorption: Being fully attentive and happily engrossed in one's work is referred to as absorption. Bakker, Demerouti, and Xanthopoulou (Bakker, Demerouti, & Xanthopoulou, 2007).

1.9 Organization of the Study

The study was divided into five chapters, the first of which contains an introductory section that includes the study's background, statement of the problem, research question, objectives, significance, scope, and limitation, as well as definitions and terminology. Chapter 2 is a review of related literature that examines various types of literature and research initiatives. The research design and methodology are presented in the third chapter. Data presentation, analysis, and interpretation were discussed in the fourth chapter. The researcher's possible recommendations are discussed in the fifth and final chapter, which includes a summary of main findings, inferences made from the findings, and prospective recommendations.

CHAPTER 2

LITERATURE REVIEW

The goal of this literature review is to look at major concepts and research linked to employee engagement. The literature that was reviewed to offer a theoretical and conceptual foundation for the investigation is presented in this chapter. It begins with a description of engagement, then moves on to employee engagement categories, models, and organizational performance, before concluding with a discussion of the role of employee engagement on organizational performance based on the evaluation.

2.1 Theoretical Literature Review

2.1.1 Definition And Dimensions of Engagement

The lack of a universal definition of employee engagement is one of the first issues raised by the literature.

Employee engagement refers to how much extra time, brainpower, and energy employees devote to their jobs on a voluntary basis (Perrin, 2003).

(Kahn, 1990) defines employee engagement as "the harnessing of organization members' selves to their work roles; through engagement, workers use and express themselves physically, cognitively, and emotionally during role performances." Employee engagement's cognitive component is concerned with employees' perceptions of the organization, its leaders, and their working environment. Employees' feelings regarding each of those three variables, as well as whether they have favorable or negative views about the firm and its leaders, are addressed in the emotional aspect.

The physical part of employee engagement refers to the physical efforts made by individuals to carry out their responsibilities. Thus, when occupying and fulfilling an organizational job, participation entails being psychologically as well as physically present.

According to Rothbard (2001), engagement is defined as psychological presence and includes two important components: attention and absorption. Absorption means being engrossed in a role and refers to the intensity of one's attention on a role. Attention relates to cognitive availability and the amount of time spent thinking about a role, but absorption means being involved in a role and refers to the intensity of one's focus on a part.

Engagement, according to Schaufeli, Salanova, Gonzalez-Roma, and Bakker (2002, p. 54), is a pleasant, rewarding, work-related state of mind marked by vigor, dedication, and immersion.

In a nutshell, the three dimensions are described by the authors as follows:

Vigor is referred to as "High vitality, resilience, a willingness to devote effort on the job, the ability not to be easily weary, and persistence when presented with problems" are all characteristics of vigor ([54], p. 47). The presence of four components determines vigor: 1) high energy levels; 2) mental toughness; 3) readiness to put out effort; and 4) perseverance in the face of adversity. All of these elements are essential for an individual to demonstrate vigor when completing a certain task [59]. "Being deeply interested in one's work and having a sense of significance, enthusiasm, inspiration, pride, and challenge" is defined as "being strongly involved in one's work and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge" ([54], p. 70). [32]

Defines **dedication** as a mental and emotional attitude characterized by a sense of purpose, passion, inspiration, and pride in **one's work**. A person cannot be labelled as dedicated without the presence of such factors.

Absorption is "A happy state of being engaged in one's work, experiencing time going by swiftly and being unable to disconnect from the activity," ([54], p. 47). A person who is entirely absorbed in his or her job has difficulty detaching or removing himself or herself from work [59]. He or she is fully concentrated in his or her task, does not feel time passing by while executing the job, and has difficulty detaching or withdrawing himself or herself from work.

Burnout, researchers, on the other hand, define engagement as the polar opposite or positive antithesis of burnout (Maslach et al., 2001). Maslach et al. (2001) define engagement as "energy, involvement, and efficacy," which are the polar opposites of the three burnout qualities of tiredness, cynicism, and inefficacy. Exhaustion is defined as a feeling of being emotionally and physically spent, with low energy levels; cynicism is defined as a distant attitude toward job or people at work.

Bresó, Salanova, and Schaufeli (2007) point out the flaw in the third dimension of the BU, which was originally dubbed personal accomplishment due to its positively worded items, and propose an alternative dimension, professional inefficacy, with negatively worded items, that should be used to assess burnout. In previous meta-analyses (e.g., Lee & Ashforth, 1996), inefficacy (measured as a personal accomplishment) was found to be only weakly related to weariness and cynicism (correlation values around 0.35, after reliability corrections) As a result, researchers hypothesized that weariness and cynicism are part of a larger issue known as core burnout (Green, Walkey, & Taylor, 1991). According to studies on burnout and engagement, the key features of burnout (exhaustion and cynicism) and engagement (vigor and devotion) are diametrically opposed (Gonzalez-Roma, Schaufeli, Bakker & Lloret, 2006).

2.1.2 Categories of Employee Engagement

There are three sorts of persons in terms of engagement, according to the Gallup Consulting Organization (The Gallup Organization, 2004): engaged, not engaged, and actively disengaged.

Engaged

Employees that are "engaged" are builders.

They are more dedicated to the company. They are naturally interested in learning more about their organization and their role within it. They routinely deliver excellent results. They want to put their skills and abilities to work every day. They work with zeal, promoting innovation and propelling their company forward. They have a lower likelihood of leaving the company..

Not Engaged

Employees that are disengaged tend to focus on tasks rather than goals and outcomes. They are expected to succeed. They only want to be taught what to do so that they can do it and claim victory. They are more concerned with completing activities than with reaching a goal. Employees that are disengaged believe their efforts are being disregarded and that their full potential is being wasted. They frequently feel this way because they do not have positive working connections with their bosses or coworkers..

Actively Dis-engaged

The "cave-dwellers" are personnel who are "actively disengaged."

They are "consistently opposed to almost everything." They're simply unhappy at work, and they're busy acting it out. At every opportunity, they spread seeds of negativity. Every day, intentionally disengaged workers sabotage the work of their engaged coworkers. As workers

become more reliant on one another to provide goods and services, the challenges and tensions that deliberately disengaged workers create can be devastating to an organization's ability to function. Low quality, client unhappiness, and missed opportunities all add to the organization's costs..

2.1.3 Models of Employee Engagement

While elaborating the concept of employee engagement, researchers like Khan (1990), Maslach et al. (2001), Robinson et al. (2004), Saks (2006) and Aon Hewitt (2011) formulated different models that categorically discussed about the various dimensions of employee engagement.

Those essentially highlighted about the engaged employees, the environment and facilities that keep them motivated and dedicated to work for a mutual benefit while establishing a work-life balance in the day-to-day schedule. In this context, a detailed investigation of these models has been made here and the outcomes are hereunder:

2.1.3.1 Kahn's Model

Meaningfulness, safety, and availability were discovered to be three psychological factors linked to work engagement or disengagement, according to Kahn. In each role situation, he claimed, people asked themselves three basic questions: (i) How significant is it for me to bring myself into this performance? (ii) How safe is it to do so? (iii) How available am I to do so? He discovered that workers were more engaged at work when they had greater psychological significance and safety, as well as when they were more psychologically available.

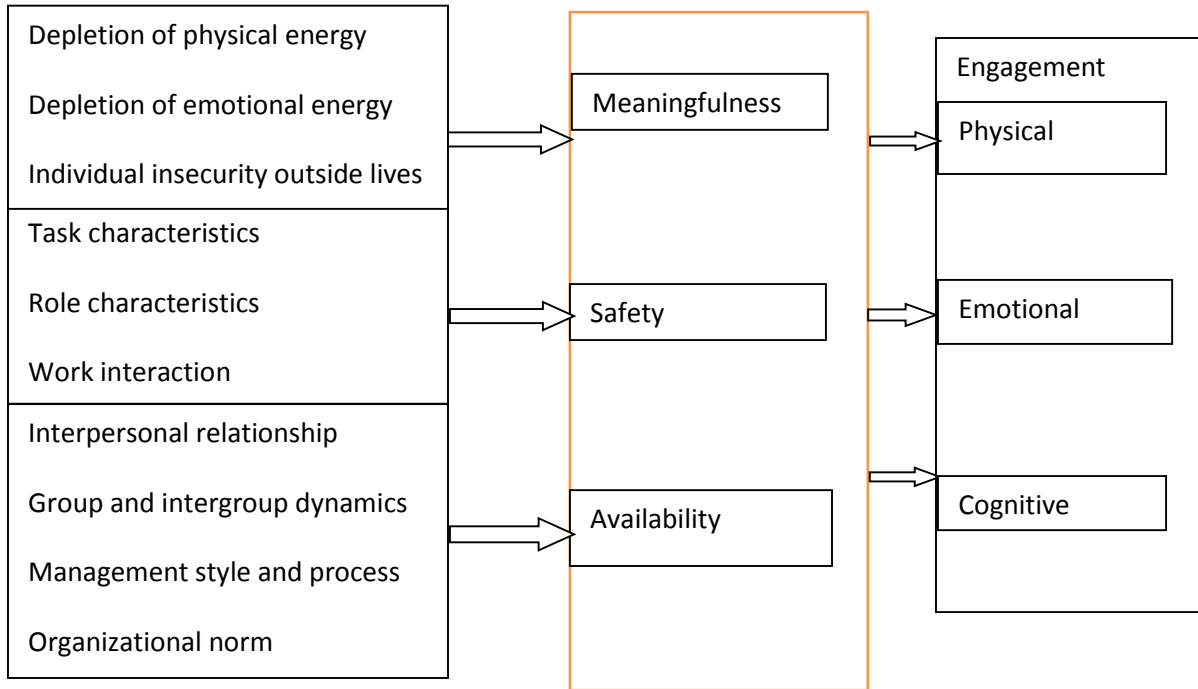


Fig 2.1.3.1 Kahn model of engagement

2.1.3.2 Robinson, Perryman and Hayday Model

Robinson, Perryman, and Hayday (2004) defined employee engagement as a two-way connection between the employer and the workers (Hewitt Associates, 2004). Employee engagement, according to their model, is a positive attitude held by employees toward the firm and its principles, as defined in their study paper titled "The Drivers of Employee Engagement." An engaged employee, according to the concept, is one who is aware of the business context and collaborates with coworkers to improve job performance and bring value to the firm. Employee commitment is possible, according to the concept, if the firm continues to focus on growing and nurturing its personnel.

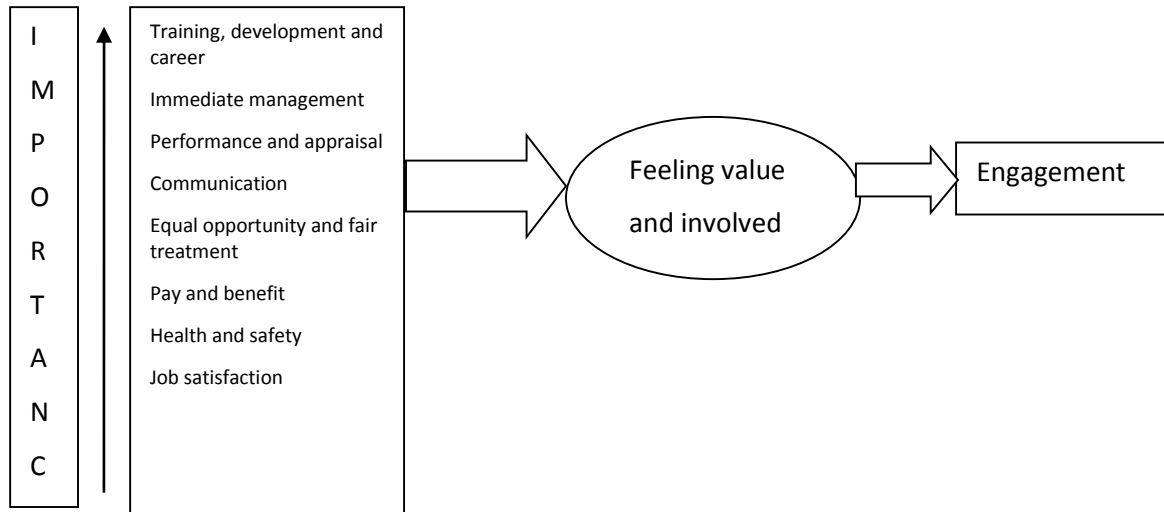


Fig 2.1.3.2 Robinson, perryman and Hayday Model

2.1.3.3 Saks Model

The study focused on three essential characteristics of employee engagement:

- i. the employees and their psychological composition and experience; (ii) the managers and their psychological makeup and experience; and (iii) the managers and their psychological makeup and experience.
- (ii) the employer's capacity to establish an environment that encourages employee engagement, and
- (iii) employee interaction at all levels. The researcher devised an assessment method and demonstrated the link between three variables: antecedents, employee engagement, and consequences. Job satisfaction, training and development, reward and recognition, and an assertive relationship with peers and supervisors have all been identified as antecedents that directly affect employee engagement, which can be attributed to factors such as commitment, ownership, satisfaction, and recognition, participation etc. The consequences are the result of the evaluation process that can be evaluated with customer satisfaction and enhanced performance measures.

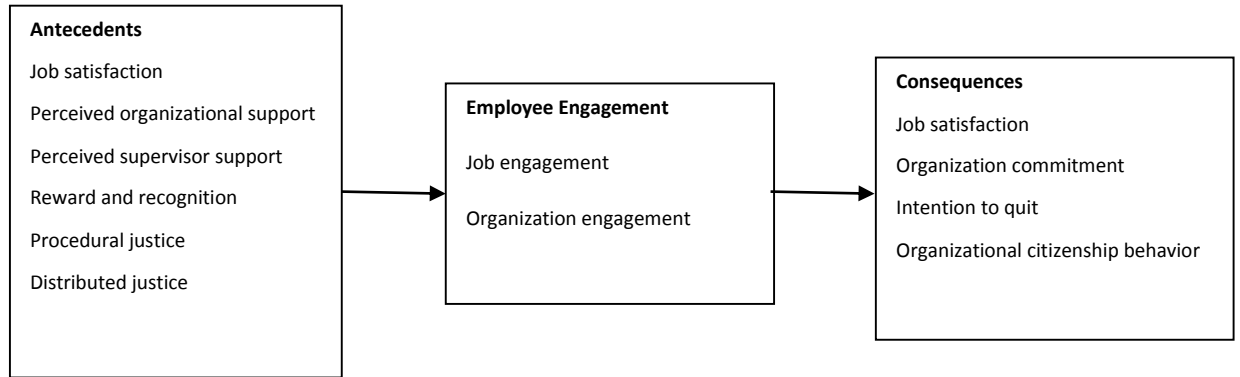


Fig 2.1.3.3 Saks Model

2.1.3.4 Aon Hewitt Model

Organizations should aim for three engagement outcomes, according to the model:

- **Say:** Engaged employees become brand ambassadors for the company. Their excitement and faith in the firm shine through in everything they say about it, both internally and internationally.

Stay: Employee turnover is a crucial indicator of employee engagement and is incredibly costly for any organization. Employees that stay with the company develop relationships with the company that go beyond collecting a paycheck.

- **Strive:** When employees are engaged, they are motivated to go above and beyond for the firm and feel invested in it. The organization's leaders need to adjust six engagement drivers to achieve the desired engagement outcomes. These drivers can be broken down into foundational engagement drivers and differentiating engagement drivers.

Foundational engagement drivers:

- **Basic needs:** Employees want to be cared for and have a work-life balance that is appropriate for them. Retention is improved when fundamental requirements are met.
- **Organizational practices:** An organization's day-to-day operations, programs, and initiatives should motivate employees to stay and strive.
- **The work:** Employees need to feel challenged by their jobs while also having the resources they need to achieve at their best.

Differentiating the factors that influence engagement:

- **Brand:** Employee engagement is heavily influenced by how an organization is regarded. Maintaining a positive brand image is critical to achieving the 'say' engagement goal.
- **Leadership:** When the company's leadership is actively interested in the company's mission and corporate life, employees are considerably more inclined to say yes, remain, and strive.
- **Performance evaluations:** Acknowledgement is important to employee engagement. If employees are going to stay and strive, they need to know their contribution matters, regardless of their specific role.

By adjusting and refining these six engagement drivers, businesses following the AON Hewitt model can consistently achieve the desired engagement outcomes and improve employee engagement overall.

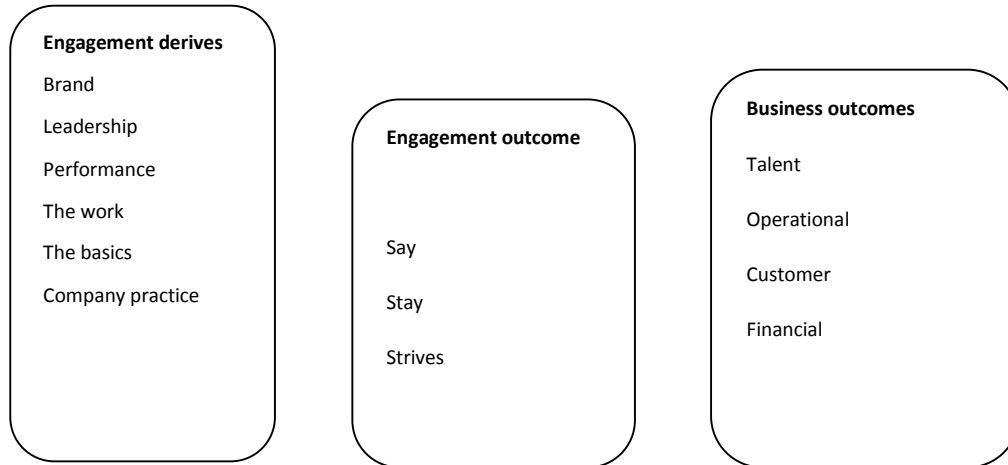


Fig. 2.1.3.4 Aon Hewitt Model

2.1.3.5 The JD-R model

The JD-R Model was created by researchers Arnold Bakker and Evangelia Demerouti in 2006. The JD-R model divides the components of an employee's role into two categories: work demands and job resources.

The organizational, psychological, emotional, and physical demands placed on an employee are referred to as job demands. They can range from time-sensitive jobs to a hefty workload to workplace interpersonal problems. Employees have access to job resources in the form of support structures, systems, and processes that enable them meet these needs. Training, mentoring, clearly defined goals, employee benefits, and helpful feedback are all examples of resources.

In a nutshell, the JD-R technique tries to strike a balance between job demands and job resources so that employees are challenged and valued while also receiving necessary support so they can do their best work and avoid burnout. To achieve this equilibrium, managers and team leaders are encouraged to track demands and resources and too actively both address demands and either create resources or direct employees toward existing ones.

One of the JD-R model's main advantages is that it can be used to any role in any industry. While employment needs and resources differ greatly from one company to the next, the general structure remains same.

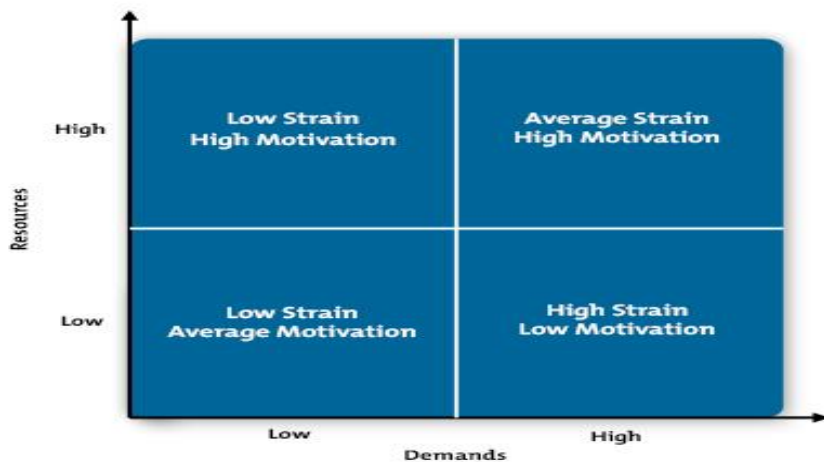


Fig 2.1.3.5 The JD-R model

According to the JD-R paradigm, stress and burnout are typical when job demands are high and job positives are low. Positive aspects of a job, on the other hand, can help to mitigate the impacts of high workloads and increase motivation and engagement.

When job demands are high and resources are scarce, for example, your team members are more likely to be stressed. As a result, you're likely to observe excessive absenteeism and employee turnover. In this circumstance, you should attempt to improve the positive aspects of your job. You will minimize tension and enhance motivation by doing so..

2.1.4 Organizational Performance

The effectiveness of an organization in achieving its goals is referred to as its performance. Some companies strive to trade well in order to return financial rewards to shareholders, while others have non-financial goals like community service. According to Richard et al. (2009), organizational performance is comprised of three distinct areas of firm outcomes: financial performance (profits, return on assets, and return on investment); product market performance (sales and market share); and shareholder return (total shareholder return and economic value-added).

Employee performance is a phrase used in the Human Resources profession to describe how well employees perform. Employees' capacity to achieve organizational goals more effectively and efficiently is referred to as performance. It encompasses all things that are either directly or indirectly related to it. It involves all aspects which directly or indirectly affect and relate to the work of the employees. For performance to be effective, employers should recognize the regiment desires and needs of the employees.

Employee performance can be improved by suitable incentive schemes, which can be financial or non-financial, according to Koontz, H. (1988). Salaries, allowances, overtime pay, bonuses, and earnings are financial incentives, while promotion, medical allowance, training, transportation, subsidized housing, and meals are non-financial incentives. This should be done after determining which of the employees' wants and desires may be met, resulting in improved performance. Performance is a quality that is viewed in a variety of ways by various people. There is no universally accepted definition of the term performance. A number of scholars, on the other hand, have made the following points. Performance was defined by George and Jones (1999) as "an appraisal of the results of a person's conduct." It entails assessing how successfully or poorly

someone has completed a task or completed a job. According to Armstrong (1995), "performance is a record of outcomes achieved; it is a record of a person's accomplishments." He cited Bernadin (1995), who stated that "performance should be defined as the outcomes of an employee's work because they provide the strongest linkage to the strategic goals of the organization.

"Decenzo and Robbins on the other hand and stated that, "employees perform well when they are productive in terms of effectiveness (time frame) and efficiency (input consumed and output achieved).

Torrington and Hall (1998) define expected performance as a shared vision between employee [s] and manager, focused on particular objectives, targets, and performance criteria. They claimed that goals and objectives provide individuals with clear expectations of performance and allow them to focus on priorities, and that businesses should plan for performance in the same way that they prepare for any other acceptable resource. "HRM is based on the premise that there is a strong relationship between human job performance and organizational success," according to Currie (2001). People are viewed as a resource in which firms invest; managers expect stronger returns from job performance and strive to achieve objectives through the knowledge and abilities of their employees.

Furthermore, according to Byras and Rue (2000), "performance refers to a degree of the tasks that make up an employee's employment... assessed in terms of results." Employees who are treated well by their bosses are more likely to perform well. "Employees are aware of the required standard performance and behavior," and when they are not fulfilled, employees are advised where they went wrong and provided assistance and opportunities to improve" (HRM Annual, 2004:77). According to Decenzo and Robbins (2002), "HR planning should define performance standards that are clear, measurable, and tied to current performance." People need to know what is expected

of them, and the HRM's job is to analyze how well employees are accomplishing their specific goals and people need to know what is expected of them and how their performance will be measured”.

According to Pearce and Robinson (2000), performance standards aid in monitoring and evaluating performance, as well as determining deviation (areas of performance), and it is the responsibility of management to compare current progress in an employee's operation to predicted progress.

Cook (2000) claims that performance standards lead to improvements in employee performance. Target setting is an example of politeness in service delivery, both qualitative and quantitatively. Employee performance indicators should be incorporated into the organization's operations to maintain consistency, and employees should be given the option to create their own performance indicators as a foundation for service delivery.

Employee performance is also improved when there is a high ability job match, according to Robbins (1998), because professions place different demands on people and people have different abilities.

Armstrong (1996) claimed that assessing performance is an important part of performance management, suggesting that performance must be measured in order to improve. Only clear major tasks that focus on end results and provide whether or not the intended result has been accomplished will allow performance metrics that relate to results and data to work. Based on input received throughout the year, managers can detect performance issues.

Bad performance, according to Argyris (1991), can be caused by employing the incorrect people for the position; persons who do not produce consistently fail to improve and hence remain poor performers. "Management must create clear objectives and precise performance standards, or performance cannot be measured," he claimed. Those managers should establish clear performance standards or indicators, as well as provide feedback when performance falls short of expectations, whether it is trending in that direction or approaching it.

2.1.5 Employee Engagement and Organizational Performance

Employee engagement has been shown to boost organizational performance in previous studies. Towers-Perrin (2003) discovered that as employee engagement increases, employees have a stronger focus on customer satisfaction. Furthermore, Towers-Perrin (2003) discovered that involvement increased revenue growth while lowering production expenses.

"There is a growing recognition of the role that employees actively play in shaping and influencing their environment, as well as taking initiative, which is likely to create their own jobs, mobilize their own resources, and set their own goals," according to the report. work on their own engagement to predict the performance ratings of other organizations.

Employers feel that engaged employees are eager to do more, are more productive, and have great working relationships, according to a survey conducted by a Canadian consulting business (Psychometric Canada Limited, 2011). However, the study's findings are based on HR managers' impressions, not those of the employees. The best way to gauge employee engagement is to interview them directly, rather than using proxies. Employees are the greatest people to talk about what they think about their jobs and the companies they work for.

Furthermore, a study that looked at the link between employee engagement and organizational performance discovered a substantial link between employee engagement and

customer loyalty, productivity, and profitability, employee turnover, employee and customer safety, absenteeism, loss, and disability (Harter et al., 2013). Individual engagement and organizational performance have been shown to be linked, with the more engaged and committed an employee, the better the organization's performance.

Employee engagement has a favorable impact on absenteeism, retention, promotion, customer service, and motivates employees to be productive in the workplace. The ultimate goal of any organization that invests significant resources in maximizing employee task performance, dedication, and intrinsic motivation to work well in difficult times is to achieve organizational effectiveness. This is why, in order to increase organizational performance, positive organizational ideas such as optimism, trust, and engagement have lately been introduced (Koyuncu et al., 2006).

Employee engagement has a favorable impact on absenteeism, retention, and promotion, as well as improving customer service and motivating employees to be more productive. Any organization that invests significant resources in maximizing employee task performance, dedication, and intrinsic motivation to work well in difficult times should strive for organizational effectiveness as its ultimate goal. This is why, in order to increase organizational performance, positive organizational ideas like optimism, trust, and engagement have just begun to be instilled (Koyuncu et al., 2006).

Furthermore, individual differences are said to have an important part in determining an employee's prospective level of involvement (Robinson, 2006). Employee engagement has been found to be influenced by personal ties.

According to new research, family stress and work-related stress may be linked (Moore, 2004).

There are also gender variances, with males experiencing enrichment from work to family and women experiencing depletion from work to family. While women benefit from the connections

between their families and their jobs, males do not (Rothbard, 1999). Furthermore, Gallup's research in the United States found that women are more satisfied and involved in their employment than men.

2.2 Empirical Frame Work

Employees that are engaged outperform than their disengaged colleagues, according to a large body of data (Fleck & Inceoglu, 2010; May et al., 2004; Saks, 2006; Shuck & Reio, 2011).

Saks (2006), for example, claims that engaged employees are more dedicated, contented, and productive. Similarly, Harter, Schmidt, and Hayes (2002) conducted a meta-analysis to better understand the business-unit level relationship between employee engagement and business outcomes, concluding that engagement is related to "meaningful business outcomes" (p. 276) and that these relationships are generalizable across companies.

May et al. (2004) stated that psychological meaningfulness (Kahn, 1990), a fundamental antecedent to employee engagement, has been connected to a variety of behavioral outcomes as well as attitudinal outcomes (such as satisfaction, motivation, and turnover cognitions) but also to many behavioral outcomes such as performance and absenteeism (May 2003, as cited in May et al., 2004).

Maylett and Waner (2014) presented the findings of 14 years of research conducted in 70 countries with 14 million employee engagement survey responses. According to the findings, highly engaged employees are 87 percent less likely to leave their company, while low-engagem companies generate 33 percent less in operational income than organizations with more involved employees. The discovery that engaged businesses can grow earnings up to 300 percent quicker than their competition was also intriguing.

According to Gallup's most recent data (2014), 87 percent of workers are either not engaged or actively disengaged, and are emotionally distant from their employment, making them less productive. When compared to 2013, the percentage of actively disengaged employees has reduced from 27% to 24% in 2014. Actively disengaged employees, on the other hand, continue to outnumber engaged employees by roughly 2 to 1, meaning that work is more often a cause of aggravation than fulfillment on a global scale. It also means that numerous workplaces around the world are less productive and safe than they could be, and are less likely to create much-needed new employment and happy, healthy people.

In 2004, the Gallup Organization conducted a study on the effects of engaged versus disengaged employees. Unengaged workers in the United Kingdom cost their employers \$64.8 billion each year. The loss in productivity in Japan was \$232 billion as a result of a low engagement rating of 9%. When it comes to competitive strength, an engaged employee or employee can be a tremendous asset to the firm (Joo and Mclean, 2006). Staff engagement boosts productivity and employee retention (Lad and Wilson, 1994).

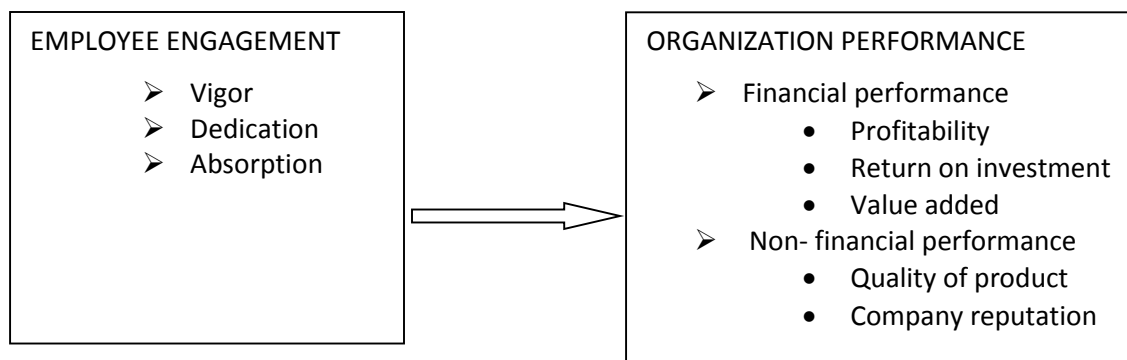
Employee engagement has been shown to boost productivity and overall performance, provide a better and more productive work environment, and minimize absenteeism and employee turnover (Caplan, 2013). Employees who are engaged create more and put in more effort to support their firms, according to a study conducted in the GCC countries (Singh et al., 2012). Employers, on the other hand, encounter difficulties in determining what employee engagement is and what values cause it, as there are numerous theories on the subject that are unclear (Saks and Gruman, 2014).

In addition to the above, this study provided a novel perspective on work engagement and how this relates to the organization's financial and non-financial performance.

2.3 Conceptual Framework

With reference to the literature review and the research problem, the conceptual framework can be developed as follow. Employee engagement was operational zed using the dimensions of vigor, dedication, and absorption. Use the study conducted by khan to measure and determine each of the three dimensions (Ariani, 2013; Schaufeli et al., 2006, Ferreira and de Oliveira, 2014). The dimensions of financial and non-financial organizational performance were used to operationalize organizational performance (Shahin et al., 2014 Hernaus et al., 2012).

Financial Organizational Performance was operationalized using profitability, return on assets (ROA), and value-added. Customer complaints, corporate reputation, employee productivity, and commitment issues were all used to operationalize Non-Financial Organizational Performance when managing customer



Adopted from: Paluku Kazimoto (2016)

CHAPTER THREE

RESEARCH METHODOLOGY

The purpose of this study was to determine the role of employee engagement on EABSC's performance. The following study design and methodology was utilized to achieve the objectives and answer the basic research questions.

3.1 Research Design and Approach

To quantify the role of employee engagement on organizational performance, the researcher used an explanatory research design and a quantitative approach in this study.

With the goal of establishing the cause and effect relationship between variables, such as employee engagement and organizational performance, an explanatory research approach is applied. The explanatory study seeks to discover causes and explanations. Its goal is to comprehend phenomena by identifying and quantifying causal relationships between them (Mitchell and Jolley, 2004).

In addition, quantitative data was gathered through a questionnaire. In order to get objective causal correlations among the variables, the responses were analyzed using SPSS version 20.

3.2 Population and Sampling Design

3.2.1 Population

Kumekpor (2002) defines a population as the total number of all units of the issue or phenomenon to be investigated which is “all possible observations of the same kind”. The population can be defined as the total group of people or entities from which research information is intended to be obtained.

As of December 2021, East Africa Bottling Share Company has a total of above 2000 permanent employees who are working in Addis Ababa (1500), Dire Dawa (317), Bahir Dar (200), and Sebeta

(60) plants. The study does not include Dire Dawa, Bahir Dar, and Sebeta Plant because of the reasons stated in the scope section of the proposal.

Furthermore, the survey did not include all personnel at the Addis Ababa factory. The researcher utilized his early observations to find the appropriate respondents, who possessed the necessary information, experience, and competence to respond to the research questions. As a result, EABSC staff are classified as professionals, semi-professionals, and nonprofessionals.

The implementation of the engagement management focuses on professional and semi-professional workforce categories, i.e. personnel with educational levels of Diploma and above, according to the firm's people plan (name of the employee engagement management the company utilizes) policy. As a result, personnel in positions that require the aforementioned educational level at a minimum were included in this study, as per the company's qualification manual. Employees classified as non-professional employees, on the other hand, do low-level routine and labor jobs and are not included in this study.

Managers, engineers, team leaders and supervisors, accountants, salespeople, electricians, technicians, data encoders, machine operators, cashiers, storekeepers, and officers are among the professionals and semiprofessionals who make up the study's target audience. We were able to minimize usual respondent bias and obtain more trustworthy data by obtaining responses from such a varied group of employees on the link between the dependent (organizational performance) and independent variables (employee engagement: vigor, devotion, and absorption). As a result, the study's overall target audience is professional and semi-professional staff, who number 450 (data obtained from HR) out of 1500 in the Addis Ababa plant. Table 3.1 shows the amount of professional and semi-professional personnel for each competency.

Table 3.1: Total Population Distribution

No	competency	count
1	Manufacturing and engineering	198
2	logistics	78
4	Human resource	60
5	Sales and marketing	71
6	finance	43
	total	450

3.2.2 Sampling Techniques

The sample size is smaller than the population as a whole (Cooper and Schindler, 2003). They say that the sample should be carefully chosen to be representative of the population, and that the researcher should verify that the subdivisions involved in the study are properly addressed. The technique was used from each stratum in proportion to the population from each of the strata created, as shown in Table 3.1. Stratified sampling techniques were used by segmenting the total target population into sub-groups or strata, or in our case, simple random sample, the technique was used from each stratum in proportion to the population from each of the strata created. The study's overall population is 450 people, divided into five skills as given in table 3.1. The sample size was calculated using Taro Yemani's (1964) statistical formula:

$$n = \frac{N}{1+N(e)^2}, \text{ where}$$

n = sample size to be determined

N = population of interest

e = error margin (0.05)

1 = constant value

$$n = \frac{450}{1+450(0.05)^2}$$

$$n = 211.7$$

Thus, **212** is the sample size

Table 3.2: Population and Sample Proportion

No	Competency	population	Sample portion	% total
1	Manufacturing and engineering	198	93	44
2	Logistics	78	37	17.3
3	Human resource	60	28	13.3
4	Sale and marketing	71	33	15.8
5	Finance	43	20	9.6
	total	450	212	100

For each competency, Table 3.2 gives the population and sample proportion. As a result, 93 manufacturing and engineering respondents, 37 logistics respondents, 28 HR respondents, 33 sales and marketing respondents, and 20 finance respondents was chosen. Then, using a simple random selection process, responses from each group was chosen, and each person in the category was given an equal chance.

3.3 Data Sources and Types

The researcher used both primary and secondary data sources to achieve the study's goals. The primary data was gathered using a tried-and-true questionnaire. The questionnaire approach was chosen as the data collecting instrument because it covers a larger portion of the sample and allows for the collection of a big amount of information. Employees of the EABSC Addis Ababa factory were chosen as the major data source. Secondary data was acquired from a variety of sources, including reference books, periodicals, the internet, and a review of corporate documents.

As a data collection tool, the questionnaire is divided into three pieces. Part One of the questionnaire asked about the respondent's demographic characteristics, such as gender, age, marital status, educational qualifications, years of work experience, competency, and position.

Part two of the questionnaire included a study of EABSC employees' levels of engagement using engagement dimensions (vigor, dedication, and absorption); and Part three of the questionnaire included an analysis of organizational performance using financial and non-financial metrics. EABSC's organizational performance.

Standard question items that were relevant were altered. Part 2 includes vigor, which includes six items derived from the study of (Ariani, 2013; Schaufeli et al., 2006), dedication, which includes five items derived from the study of (Ariani, 2013; Ferreira and de Oliveira, 2014), and absorption, which includes five items derived from the study of (Ariani, 2013; Ferreira and de Oliveira, 2014).

(Ariani, 2013; Schaufeli et al, 2006). Relevant standard questions was adapted for part three where financial performance was composed of 3 items derived from the study conducted by (Shahin et al., 2014), and non-financial performance was composed of 10 items derived from the study conducted by(Hernaus et al., 2012).

3.4 Data Collection Procedures

The data for this study was gathered by questionnaires from a population sample of the chosen target group. The researcher used a stratified random sampling technique to disseminate his questionnaire to randomly selected respondents via the Addis Ababa plant's HR department. The questionnaires were collected, processed, and analyzed using SPSS. Finally, the data was analyzed to determine the role of employee engagement on EABSC organizational performance.

3.5 Validity and Reliability of the study

3.5.1 Validity

Because management abilities are largely industry-specific, according to Vlachos (2009), answering a research question or testing research hypotheses in a specific sector contributes to the validity of the study design. Because this study focuses on a single bottling company, EABSC Addis Ababa, the population is homogeneous, allowing for a rigorous validity of data analysis to reveal the available link between employee engagement and company performance.

The questionnaire was carefully constructed and has 29 items, seven of which are demographic questions. Part Two of the study used pertinent standard questions, as described before in the data sources and types section (Ariani, 2013; Schaufeli et al., 2006, Ferreira and de Oliveira, 2014, and Schaufeli et al, 2006). Part three of the study (Shahin et al., 2014) was used to adjust relevant standard questions, and (Hernaus et al., 2012).

The researcher conducted a pilot test on 15 respondents before distributing the questionnaire, and all questionnaires were returned. The chronbach's alpha for Vigor was 0.81, Absorption was 0.86, Dedication was 0.71, financial performance was 0.76, and non-financial performance was 0.82 in the pilot test and hence the researcher confirmed that the questionnaire was fit to answer the research questions.

The data was verified for multi-collinearity of variables throughout the regression analysis using tolerance and variance inflation factor results, which proved that there was no such issue as reported in the data analysis section.

Furthermore, the instrument was checked by two individuals (an HR professional and an experienced researcher) to confirm content validity and ethicality of the items included in the instrument. The researcher focused on the ethicality of the items, while the HR professional assessed the questionnaire's content in each variable. In addition, I gave the instrument to my research advisor for final approval. As a result of his remarks, following changes to the survey questionnaire were made and then delivered to the sample group. Furthermore, all reference sources are properly recognized citation and confidentiality of data is maintained throughout the process.

3.5.2 Reliability

The next stage is to determine the constructions' reliability to ensure that they are error-free and so produce consistent outputs. Cronbach's coefficient alpha was used to check the internal consistency of items, which is the level of homogeneity of a scale measures integrated in the instrument. The following table displays the SPSS findings for broad questions about employee engagement, financial performance, and non-financial performance.

Table 3.5: Cronbach's Alpha statistics of the survey questionnaire

Reliability statistics of the Survey Questionnaire			
part	Measures	Chronbach's alpha value	No of items
Part one	Vigor	0.837	6
	Absorption	0.752	6
	Dedication	0.775	5
Part two	Financial performance	0.716	3
	Non financial performance	0.795	9
	All measurement items	0.894	29

As indicated in Table 3.5, the Cronbach's Alpha test reveals that the instrument's internal consistency as 89.4% which is well above the acceptable value (i.e. 70%). Therefore, the research instrument is reliable and the forthcoming findings and conclusions are acceptable and concrete.

3.6 Data Analysis

The study used a survey questionnaire, and data analysis for each variable was done individually. After assigning a number code to each response paper, the data for the questionnaire is analyzed using SPSS (Statistical Package for Social Science) version 20. SPSS was chosen because it is a commonly available and user-friendly analysis tool that the researcher is familiar with. To summarize the responses, descriptive statistics such as percentage, mean and measures of central tendency (mean, standard deviation) were employed.

The nature, direction, and significance of the relationship between employee engagement and organizational performance were determined using the Pearson correlation test.

3.7 Ethical Consideration

The researcher follows standard citation and data collecting and analysis procedures. To satisfy the ethical obligations of the research, maintains data confidentiality, obtains the approval of the case organization and staff, and retains the identity of respondents unanimous based on their consent. The information gathered was solely for scholarly purposes.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

The goal of this research is to look into employee engagement at East Africa Bottling Sc and how it affects the company's performance. In chapters two and three, relevant literature was studied and methodology was established to attain this goal. The results of data analysis based on data acquired from respondents are presented in this chapter. The collected data is examined, and the results are reported in the sections below.

4.1 Response Rate

A total of 212 questionnaires were sent out, with 173 (81%) of them being returned on time and so being considered in the analysis.

4.2 Demographic characteristics of respondents

The goal of the demographic analysis in this study is to characterize the sample's characteristics, such as the proportion of males and females, age range, educational level, marital status, and employment category, so that the analysis can be more meaningful to readers.

Table 4.2 demographic characteristics of respondents

No	Gender	Frequency	percent
1	Male	129	74.6
	Female	44	25.4
	total	173	100
	Age	Frequency	percent
2	20-29	85	49.2
	30-39	62	35.8

	40-49	22	12.7
	Above 50	4	2.3
	total	173	100
	Educational qualification	Frequency	percent
3	Diploma	38	22.1
	First Degree	121	69.9
	Masters Degree	14	8
	total	173	100
	Work experience in years	Frequency	Percent
4	0-1	8	4.6
	2-5	49	28.3
	6-10	83	48
	11-20	26	15
	Above 21	7	4
	total	173	100
	Job category	Frequency	Percent
5	Managerial	40	23.1
	Non managerial	133	76.9
	total	173	100
	Competency	Frequency	Percent
6	Manufacturing	75	43.4
	Logistic	30	17.3
	Sales and Marketing	36	20.8

	HR	19	11
	Finance	13	7.5
	total	173	100
	Marital Status	Frequency	Percent
7	Single	82	47.4
	Married	88	50.9
	Divorced	3	1.7
	total	173	100

Source: survey data

The demographic profile of 173 responders is shown in Table 4.2. In terms of gender, male respondents outnumbered female respondents by a significant margin (female 25.4 percent , male 74.6 percent). The gender representation gap was not caused by sampling or non-sampling mistakes; rather, it was caused by the organization's un-proportional representation of males and females, which reflects the overall population structure.

Regarding the age of respondents, the sample population is largely dominated by the age group of 20-29 (49.2%) followed by the group comprise age of 30-39 (35.8%). This indicates that most of the sample populations are youngsters. The remaining group of respondents consist (12.7%) with the age of 40-49 and (2.3%) above the age of 50 years. This implies that the company has a youth dominated population structure. This is again a reflection of the total population.

The sample population was divided into three categories based on educational attainment, ranging from a diploma to the highest academic achievement. The different levels of educational qualification for the sample population are shown in Table 4.2, along with their respective percentages. Those with a first degree took the largest part of the sample (69.9%), followed by

diploma holders (22.1%) and personnel with a master's degree (22.1%). (8 percent). This indicates that the majority of the respondents in the sample have a bachelor's degree. This occurred as a result of the hiring of professional and semi-professional staff.

When it comes to work experience, the majority of respondents (48%) have worked for the organization for 6-10 years, followed by 28.3% who have worked for 2-5 years. 15% of employees have been with the company for 11 to 20 years, while 4% have been with the company for more than 21 years.

Furthermore, the majority of respondents (76.9%) work in non-management positions, while 23.1 percent work in management positions.

As shown in Table 4.2, 11 percent of respondents have an HR competency, 7.5 percent have a Finance competency, 20.8 percent have a Sales and Marketing competency, 17.3 percent have a Logistics competency, and the remaining 43.4 percent have a Manufacturing competency. As a result, the majority of responders (43.4%) belong to the Manufacturing competency.

Finally, the demographic profile of respondents shows that 47.4 percent are single, 50.9 percent are married employees, and only 1.7 percent of respondents are divorced.

4.3 Assessing the Level of Employee Engagement

The researcher has summed the measures with the related mean and standard deviations in order to see the general perception of the respondents regarding the selected dimensions in the EABSC. As a result, the mean reflects how much the sample group agrees or disagrees with the various claims on average. The lower the mean, the higher the percentage of respondents who disagree with the claims. The greater the mean, the more agreeable the statement is to the respondents.

Standard deviation, on the other hand, depicts the variability of a single sample's observed response (Marczyk, Dematteo, and Festinger (2005)).

Table 4.3.1 vigor dimension of employee engagement

item	Measure	mean	Std.de
1	At my work, I feel bursting with energy.	3.66	.973
2	At my job, I feel strong and vigorous.	3.71	1.011
3	When I get up in the morning, I feel like going to work.	3.62	1.007
4	I can continue to work for long periods of time	3.51	1.009
5	At my work, I always persevere, even when things do not go well.	3.62	0.961
6	At my job, I am very resilient, mentally.	3.72	0.944
	Vigor aggregate	3.64	0.984

Source: Survey questionnaire

The mean score for vigor is modest ($M=3.95$, $SD=0.66$), as indicated in table 4.3 above. This reflects employees' willingness to put out effort in their jobs, as well as their high levels of energy, endurance, and perseverance in the face of adversity. This indicates that the majority of respondents agree that they are willing to put out effort in their work, have strong levels of energy, and are able to persevere in the face of adversity.

Table 4.3.2 Absorption dimension of employee engagement

		mean	Std.dev
7	Time fly when I am working	3.51	1.038
8	When I am working, I forget everything else around me.	3.21	1.112
9	I am immersed in my work.	3.7	0.910
10	I get carried away when I am working	3.84	0.892
11	It is difficult to detach myself from my job.	3.64	0.883
12	I feel happy when I work intensively	3.79	0.950
	Absorption aggregate	3.61	0.964

Source: Survey questionnaire

Employees are delightfully busy with work, as seen by their reluctance to detach themselves from the job at hand and their inability to keep track of time, according to the absorption reaction.

Furthermore, the mean value of each item in Absorption reveals an above-average result, indicating that the respondents believe that they are engaged in their work to a moderate extent.

As a result, personnel at EABSC are somewhat engaged in terms of absorption.

Table 4.3.3 Dedication dimension of employee engagement

		mean	Std.dev
13	I find the work that I do full of meaning and purpose.	3.74	1.076
14	I am enthusiastic about my job.	3.69	1.042

15	My job inspires me.	3.68	1.077
16	I am proud of the work that I do.	3.91	0.99
17	To me, my job is challenging.	3.52	1.124
	Dedication aggregate	3.71	1.062

Source: Survey questionnaire

Table 4.3.3 shows that the mean level of dedication is moderate (M=3.71, 1.062), indicating that the majority of EABSC employees think that their work is meaningful, inspirational, and challenging. Aside from that, they are enthusiastic and proud of their work.

4.4 Analysis on organization's performance

item s	measure	mean	Std.dev
	Financial performance		
18	The profitability of our company increases faster compared to the industry average.	3.97	0.914
19	The return on assets (ROA) of our company is significantly higher than the industry average.	3.77	0.916
20	Value-added per employee of our company is significantly higher than the industry average.	3.65	0.893
	Financial aggregate result	3.78	0.91
	Non financial performance		
21	We retain existing clients and manage to attract new ones.	3.7	0.941

22	The reputation of our company in eyes of the customers has improved	3.85	0.843
23	We consider our relations with suppliers to be excellent because we maintain genuine partnerships with them	3.73	0.946
24	There is a mutual trust between our company and our suppliers	3.79	0.986
25	The quality of our products is well above the industry average.	3.81	0.885
26	Productivity of employees is much higher than the industry average	3.59	1.011
27	Employees feel very committed to the organization.	3.74	0.898
28	Employees are prepared to go an extra mile for the company	3.52	0.912
29	Trust among employees is strong in our company	3.71	0.958
	Non financial aggregate	3.72	0.931

According to Table 4.4, the mean for financial performance ($M=3.78$, $SD=0.91$) is relatively high, indicating that the respondents have a good psychological impact on the company's profitability and ROA.

The nonfinancial performance moderate mean is ($M= 3.72$, $SD =0.931$), indicating that respondents are more involved in customer and supplier retention, maintaining the company's reputation, reducing the likelihood of leaving the company, improving quality, productivity, profitability, growth, and stakeholder satisfaction..

4.5 Relationships between Dependent and Independent Variables

One of the primary goals of this research is to determine the relationship between employee engagement and organizational performance. Inferential statistics of correlation and regression analysis were utilized for this purpose, and the results are reported in the sections below.

The magnitude and direction of relationships (positive or negative) as well as the severity of the link (-1.0 to +1.0) are revealed by Pearson correlation coefficients. The most fundamental and effective measure of relationship between two or more variables is correlation (Marczyk, Dematteo & Festinger, 2005).

Correlations of .01 to .30 are regarded minor, correlations of .30 to .70 are considered moderate, correlations of .70 to .90 are considered large, and correlations of .90 to 1.00 are considered very large, according to Marczyk, Dematteo, and Festinger (2005).

Table 4.5 Relationships between dependent and independent variables

		vigor	absorption	dedication	financial	Non finance	Employee engagement
vigor	Pearson Correlation	1	.578**	.457**	.077	.481**	.842**
	Sig. (2-tailed)		.000	.000	.311	.000	.000
	N	173	173	173	173	173	173
absorption	Pearson Correlation	.578**	1	.388**	.218**	.492**	.790**
	Sig. (2-tailed)	.000		.000	.004	.000	.000
	N	173	173	173	173	173	173
dedication	Pearson Correlation	.457**	.388**	1	.122	.477**	.784**
	Sig. (2-tailed)	.000	.000		.109	.000	.000
	N	173	173	173	173	173	173
financial	Pearson Correlation	.077	.218**	.122	1	.205**	.169*
	Sig. (2-tailed)	.311	.004	.109		.007	.026
	N	173	173	173	173	173	173
Non-financial	Pearson Correlation	.481**	.492**	.477**	.205**	1	.600**
	Sig. (2-tailed)	.000	.000	.000	.007		.000
	N	173	173	173	173	173	173
Employee engagement	Pearson Correlation	.842**	.790**	.784**	.169*	.600**	1
	Sig. (2-tailed)	.000	.000	.000	.026	.000	
	N	173	173	173	173	173	173

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

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

The inter correlations among variables were found to be in the predicted direction for the majority of the connections.

All three dimensions, vigor (0.842, p.01), absorption (0.79, p.01), and dedication (0.874, p.01), had significant associations with employee engagement. Similarly, there was a moderate correlation between all three engagement dimensions and non-financial performance, with the correlation between vigor and non-financial performance being (0.481, p.01), absorption and non-financial performance being (0.492, p.01), and dedication and non-financial performance being (0.477, p.01).

In general, there was a moderate link between employee engagement and non-financial performance ($r=0.6$, p.01).

However, all three dimensions (vigor, dedication, and absorption) had a low internal correlation with financial performance and were not significant at $p=0.01$. For example, vigor (0.077, $p=0.311$), absorption (0.218, $p=0.004$), and dedication (0.122, $p=0.109$) all had no contribution to financial organizational performance.

4.6 Effect of Employee Engagement on Job performance

Table 4.6 Multiple Regression Result of Employee Engagement and organizational performance.

Table 4.6.1 Model Summary

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.569 ^a	.323	.320	.43030

a. Predictors: (Constant), EE

Table 4.6.2 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.138	1	15.138	81.758	.000 ^b
	Residual	31.662	171	.185		
	Total	46.800	172			

a. Dependent Variable: organization's performance

b. Predictors: (Constant), employee engagement

Table 4.6.3 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.875	.211		8.906	.000
	EE	.515	.057	.569	9.042	.000

a. Dependent Variable: organizational performance

Standard multiple regression analysis was used to determine the role of employee engagement to the organization's performance. The regression model shows how much of the variation in an organization's performance is explained by the employee engagement level chosen.

As indicated in table 4.6.1 above, employee engagement explains 32.3 percent of the variation in an organization's performance (where R square is 0.323 and adjusted R square is 0.32), with the remaining differences owing to other factors or explanations not examined in this study.

Furthermore, the ANOVA table displays the overall statistical significance / acceptability of the model. The model is significant since the significance value of F statistics is .000, which is less than $p < 0.05$. This suggests that the model's explanation of variation is not attributable to chance. As stated in the first chapter, the goal of this research is to determine the role of independent variables on the dependent variable. Thus, the standardized Beta coefficient can be used to assess the intensity of each predictor (independent) variable's influence on the criterion (dependent) variable. As a result, the regression coefficient explains how a unit of change in the independent variable causes an average amount of change in the dependent variable.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter contains the findings derived from the analysis and discussion of the collected data, as well as conclusions formed from the study's findings and recommendations to remedy any problems detected.

The study's goal was to see if there was any employee engagement at East Africa Bottling Share Company, as well as to establish the present degree of staff engagement. It was also supposed to look into the role of employee engagement on company performance.

As a result of the observations mentioned in the previous chapter, the following key conclusions were drawn.

5.1 Summary of Major Findings

The study's goals were to first determine whether there is employee engagement in East Africa Bottling Share Company and the current level of employee engagement, then to look into the role of employee engagement in organizational performance (both financial and non-financial), and finally to look into the effect of employee engagement on organizational performance.

As a result of the observations mentioned in the previous chapter, the following key conclusions were drawn.

- The number of male respondents in the sample population is higher (male 74.6 percent vs. female 25.4%), and the age range 20-29 (49.2%) is substantially dominated, indicating that they are dominated by youth.
- First-degree holders make up the largest segment of the population, accounting for 69.9% of all responses. Furthermore, the majority of the respondents (48%) had 6-

10 years of experience with the organization, and more than half of the respondents (50.9%) are married employees.

- Manufacturing (43.4%), logistics (17.3%), sales and marketing (20.8%), human resource (11%), and finance (43.4%) are the departments with the most respondents (7.5 percent).
- Furthermore, 76% of respondents work in non-management professions, while 23.1 percent work in management.
- The average score for the dedication measures was 3.71, followed by vigor (3.64) and absorption (3.61).
- Financial performance received a mean score of (3.78), while non-financial performance received a mean score of (3.71).
- Employee engagement is positively connected to financial performance within 0.60 and non-performance within 0.169, according to Pearson coefficients, which is significant at the $p=0.01$ level.
- According to the results of the multiple regression analysis, work engagement explains 32.3 percent of the variation in organizational performance (where by R square is .323 and adjusted R square is .32 percent).
- All three dimensions, vigor (0.842, $p.01$), absorption (0.79, $p.01$), and dedication (0.874, $p.01$), showed significant associations with employee engagement.
- Similarly, there was a moderate relationship between all three engagement measures and non-financial performance. I.e., there was a (0.481, $p.01$) connection between vigor and nonfinancial performance, (0.492, $p.01$) correlation between

absorption and nonfinancial performance, and (0.477, p.01) correlation between dedication and nonfinancial performance.

- Correlation between employee engagement and non financial performance was moderate which is ($r=.0.6, p<.01$).
- All three dimensions (vigor, dedication, and absorption) demonstrated a weak internal connection with financial performance and were not statistically significant at $p=0.01$. Specifically, vitality (0.077, $p=0.311$), absorption (0.218, $p=0.004$), and dedication (0.122, $p=0.109$)

5.2 Conclusion

Employee engagement is a planned and integrated strategy to improving corporate performance. Employees who are engaged are more likely to feel fulfilled on the job as a result of their high level of energy, passion, and involvement, which leads to satisfaction and great work outcomes. Employees and organizational performance will be improved if its dimensions such as vigor, absorption, and dedication are adequately developed and implemented.

In 2004, the Gallup Organization conducted a study on the effects of engaged versus disengaged employees. Unengaged workers in the United Kingdom cost their employers \$64.8 billion each year. According to Gallup's most recent data (2014), 87 percent of workers are either not engaged or actively disengaged, and are emotionally distant from their employment, making them less productive

The purpose of this study was to evaluate whether or not there is employee engagement at East Africa Bottling Share Company, as well as the present degree of staff engagement. It was also planned to look into the role of employee engagement on company performance.

Employee engagement in East Africa Bottling Share Company is moderate, according to the data studied, and employee engagement has a stronger relationship with non-financial performance than financial performance.

Employee engagement and organizational non-financial performance have a strong and significant link, however, the correlation between employee engagement and organizational financial performance is low. Possible reasons include a lack of integrity among answers to the questions, a lack of interest in organization's financial performance measures, or contributions from other factors not considered in the study.

We may conclude from the study that there are significant relationships between vigor (0.842, p.01), absorption (0.79, p.01), and dedication (0.874, p.01) and employee engagement.

5.3 Recommendations

Based on the findings the researcher recommends the following:

- Employee engagement in East Africa is moderate, according to the findings of the study. Employee engagement should be prioritized by the bottling firm in order to raise it to a high degree, as it has a favorable impact on the company's performance. This is because engaged employees contribute significantly to the organization's success, if employees are not given the attention they need to stay involved, the organization's performance will suffer.
- According to the data, the majority of the respondents were male, indicating that the number of female respondents is low. This reveals that the findings are at odds with national programs aimed at empowering women and increasing their involvement in the country's socioeconomic activities. As a result, company should hire more female staff.
- The other conclusion suggests that the majority of the respondents were between the ages of 20 and 29. This suggests that the majority of employees at the company are young people who can make a greater contribution to the company's effectiveness. As a result, the organization's management should devise an engagement plan to boost retention and obtain more from youthful personnel.
- Other research should look at additional elements of employee engagement that can influence organizational performance in the future, as well as the causes for the disparities in engagement levels across categorical groups.
- Employee engagement and company financial performance have a minimal link, and organizations should focus on providing cost and profitability awareness training to their staff.

- For further recommendations and more understanding about employee engagement, the researcher suggests that other studies utilize various employee engagement measurement techniques and other variables of assessing organization success than those employed in this study.

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ANNEX

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

GRADUATE STUDIES PROGRAM IN BUSINESS LEADERSHIP

QUESTIONNAIRE

.....

Dear Respondents: -This questionnaire is intended to collect primary data to be used for a thesis entitled “The Role of Employee Engagement on Organization’s performance in East Africa Bottling S.C” in partial fulfillment of the requirement Master of Arts Degree in Business Leadership. Therefore, I kindly request you to fill this questionnaire genuinely and freely assuring that the data will be used solely for the intended academic purpose. Please follow the instructions and answer all questions. Your answers will be treated strictly confidential. You don’t need to reveal your identity.

You can call Fekadu Delil (0911068377) or email me at fekadudelil@gmail.com for any inquiry or explanation you need.

Thank you very much, in advance, for your sincere cooperation

.....

Part One: - Demographic and other information

Please put a tick mark (√) in the space provided to most closely represent your personal situation.

Please mark one item only per question.

- Gender: Male Female
- Age: 20-29 30-39 Above 39
- Educational qualification:
Diploma: First Degree Master's Degree Ph.D.
Other
- Work experience in your current organization in years
0-1 2-5 6-10 11-20 Above 21
- Job Category: Managerial Non Managerial
- Competency Manufacturing Logistics sales and marketing
HR Finance
- Marital Status: Single Married Divorced Widowed

Please put a tick mark (√) in the box corresponding to the option that identifies your level of overall (agreement) on the true feeling you have on a five-point scale ranging from extreme disagreement to extreme agreement.

If you completely disagree with the item choose **1 (Strongly disagree)**

If you moderately disagree with the item choose **2 (Disagree)**

If you do not have any information about the item choose **3 (Neutral)**

If you moderately agree with the item choose **4 (Agree) and**

If the item strongly matches your response choose **5 (Strongly agree)**

Part Two: - Employee engagement level survey questions

No	Description of the item	1	2	3	4	5
	Vigor Dimension					
1	At my work, I feel bursting with energy.					
2	At my job, I feel strong and vigorous.					
	When I get up in the morning, I feel like going to work.					
4	I can continue to work for long periods of time					
5	At my work, I always persevere, even when things do not go well.					
6	At my job, I am very resilient, mentally.					
	Absorption (Dimension)					
7	Time flies when I am working					
8	When I am working, I forget everything else around me.					
9	I am immersed in my work.					
10	I get carried away when I am working					
11	It is difficult to detach myself from my job.					
12	I feel happy when I work intensively					
	Dedication (Dimension)					

13	I find the work that I do full of meaning and purpose.					
14	I am enthusiastic about my job.					
15	My job inspires me.					
16	I am proud of the work that I do.					
17	To me, my job is challenging.					

Part Three: - Organization's performance measurement survey questions

No	Description of items	1	2	3	4	5
	Financil Performance (Dimension)					
18	The profitability of our company increases faster compared to the industry average.					
19	The return on assets (ROA) of our company is significantly higher than the industry average.					
20	Value-added per employee of our company is significantly higher than the industry average.					
	Non-financial Performance (Dimension)					
21	We retain existing clients and manage to attract new ones.					
22	The reputation of our company in eyes of the customers has improved					
23	We consider our relations with suppliers to be excellent because we maintain genuine partnerships with them					
24	There is a mutual trust between our company and our suppliers					

25	The quality of our products is well above the industry average.					
26	Productivity of employees is much higher than the industry average					
27	Employees feel very committed to the organization.					
28	Employees are prepared to go an extra mile for the company					
29	Trust among employees is strong in our company					