

Factors That Determine Employee Engagement

(The Case of Commercial Bank of Ethiopia)



A Research Project submitted to the Department of MBA in Partial Fulfillment for the award of Master's Degree in MBA Financial Service

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Statement of Certification

This is to certify that Eleni Esayas has carried out her research work on the topic entitled: “Factors That Determine Employee Engagement”: The Case of Commercial Bank of Ethiopia is her original work and is suitable for submission for the award of Masters of Business Administration in Financial Service.

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Statement of Declaration

I, Eleni Esayas, declare that this Master's research "Factors That Determine Employee Engagement": The Case of Commercial Bank of Ethiopia is submitted in partial fulfillment of the requirements for the Masters of Business Administration in Financial Service at Addis Ababa University. The research is my original work and has not been presented for a degree in any other university and all sources of materials used for the research have been duly acknowledged.

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Acronyms

CBE- Commercial Bank of Ethiopia

EE- Employee Engagement

HO- Head office

HR- Human Resource

SET- Social Exchange Theory

CSM-Customer Service Manager

SPSS- Statistical Package for the Social Sciences

Abstract

The purpose of this research was to examine the factors affecting employee engagement in CBE Addis Ababa area. The study employed combination of Descriptive & causal research designs. Data was collected from employees of CBE found in branches under the four districts of Addis Ababa. For this research 384 questionnaires were distributed and 291(75.78%) were obtained & used for further analysis. The collected data was analyzed by using statistical packaging for social science (SPSS) software version 20.0. In addition, to analyze the collected data tables and other descriptive statistics (frequencies, means & standard deviations) and inferential statistics (correlation & regression analysis) were used.

The Results obtained indicate that from the six demographic factors examined in the study (gender, age , educational qualification, job title ,monthly income & service of years) the level of engagement varies with gender in which female were found to have a higher level of engagement than male in CBE. in addition, Job characteristics is the highest among the rest of the variables revealing the largest contribution in explaining the variance of the dependent variable followed by work life balance, Organizational justice and have positive and significant effect on employee engagement in CBE. While rewards and recognition and motivation takes the lowest and have negative and not significant effect on employee engagement in CBE respectively.

Key words: Motivation, rewards and recognition, Organizational justice, Job characteristics, Work life balance, and Employee engagement.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

Employee engagement is one of the critical and valuable resources to achieve organizational objectives. Effectiveness and efficiency of an organization cannot be achieved without effective engagement of employees (Stone, 2008).

Kahn (1990) is the first academic researcher who used the term employee engagement and define the term employee engagement as “the simultaneous employment and expression of a person’s “preferred self” in task behaviors that promote connection to work and to others, personal presence and active full role performance. Moreover, employee engagement can be seen in terms of the level of commitment and involvement of the employees towards their organization and its values.

Furthermore, according to saks(2006),employee engagement is the involvement of employees who work for the organization to make sure the energies and interests are aligned with the organization’s goals, release unrestricted effort and delivers the aspirations of the organization by creating an emotional relationship.

The link between the determinants of employee engagement has been studied over the last few decades. Most of the studies has been confirmed the linkage between employee engagement and the performance of the organizations. Basically, when the employees

satisfied with their current jobs they will come up to be happy and cheerful employees and willingness to contribute into that organization all the time. The organizations with that happy employee have been seen to improve the working environment while increased the work productivity and quality.

This study has identified some of the factors affecting Commercial Bank of Ethiopia employees' engagement. Motivation is a major factor which leads effective employee engagement. This study states that employee engagement is vital for organization's effective performance. Organizations should raise motivation for employee engagement. Employee motivation and proper reward system increase employee retention (Sandhya and Pradeep Kumar, 2011).

The effect of justice perceptions on various outcomes might be due in part to employee engagement. In other words, when employees have high perceptions of justice in their organization, they are more likely to feel obliged to also be fair in how they perform their roles by giving more of themselves through greater levels of engagement. On the other hand, low perceptions of fairness are likely to cause employees to withdraw and disengage themselves from their work roles. Fairness and justice is also one of the work conditions in the Maslach et al. (2001) engagement model. A lack of fairness can exacerbate burnout and while positive perceptions of fairness can improve engagement (Maslach et al., 2001).

Kahn (1990) reported that people vary in their engagement as a function of their perceptions of the benefits they receive from a role. Furthermore, a sense of return on investments can come from external rewards and recognition in addition to meaningful work. Therefore, one might expect that employees' will be more likely to engage themselves at work to the extent

that they perceive a greater amount of rewards and recognition for their role performances. Maslach et al.(2001) have also suggested that while a lack of rewards and recognition can lead to burnout, appropriate recognition and reward is important for engagement. In terms of SET, when employees receive rewards and recognition from their organization, they will feel obliged to respond with higher levels of engagement.

Job characteristic is a major factor in banking sector employees' engagement. Enriched job characteristics and well defined characteristics will help the employees to perform well. Human resource department is responsible for defining effective job characteristics.

There are various functions adopted by human resource management department for employee engagement. Career development, reward and recognition are some of the strategies used by the organizations. (Ruchita Petkar and Suhas Sahasrabudhe, 2013) Support and flex time culture, reward and recognition, training and better work environment will leads to engage the employees well in the organization (Muhammad Irshad and Fahad Afridi).Engaged employees shows care for organizational development. It leads employee retention, customer loyalty and productivity (Insync Survey).Significant work-life balance will leads to business sustainability, job enrichment and enlargement (SarikaSushil, 2014).

Companies are facing employee turnover and it can be solved through developing manager skills, flexible work schedule, engaging employees, provide growth opportunities and provide opportunities for competency building (Janani, 2014)

Therefore, this research examines the effect of the factors that influences the employee engagement in the case of Commercial Bank of Ethiopia.

1.2 Statement of the Problem

In the last two decades the great changes in the global economy had important implications for the relationship among employees and employers and therefore, employee engagement. For instance the costly and scarce resources, increasing global competition, customer demand for high quality, high labor cost have incited organization to restructure them for greater return on equity. Restructuring in some company mean decreasing in level of management and staff (Corace, 2007). Even though restructuring can help organization to compete, these changes have broken the expectation of reciprocity and the traditional psychological employment “contract” (Corace, 2007).

Employees realize that they are not able to work for single employers until they retire. And in relation to this the application of employee engagement is crucial in these days. Because a fierce competition all over the world and the effect of globalization, being reluctant to accept employee engagement will cost the organization a big deal of lose in many directions; losing a potential customers and letting down the reputation of the organization, lagging behind the banks industry failure of engaged employee care only about their work not any other things like goals, objectives and development of the organization. They do not have energy and interest in their work (Reilly,2014).

For this reason employees have felt less commitment to their employers with reduced expectations of reciprocity (Corace,2007).Consultant studies reveal that an estimated 14-30% of the employees are engaged in running the business (Schwartz et al.,2007).to further emphasize how widespread this problem is and how critical it can be, consider study Kim et al. (2008) in

which hundreds of companies were surveyed. Results from their surveys showed that 54% of workers were not engaged and 17% were engaged.

Besides, more recently employee engagement has become an area of focus with in organizations for the purpose of retention as a means of avoiding expensive employee replacement costs resulting from staff who voluntarily quit their jobs.

Moreover, it is costly to manage turnover as it not only includes the expenses related through the hiring and providing employees training but also included the costs of intangible like leaving of the talented employees, experiences or expertise staffs from the organization is hardly to be verified. Even though the highlight on engagement development and burn out in recent years scholars are still divergent in their views regarding what employee engagement is, how to get it, and its form and appearance when achieved (Yasmin,2011).

Companies should analyze the effective strategies for attract, develop, engage and retain their talent employees. This is possible through various human resource management practices and strategies. The selected variables have broadened scope and which is highly applicable in Commercial Bank of Ethiopia. Variables affecting employee engagement may differ in banking sector comparing with other sectors.

Work life balance in all cases not done by many researchers. But the researcher tried to show how to minimize the gap in employee engagement. Work life balance showed significant and positive effect in the dependent variable employee engagement. This explained that the organization arrange for their employees social function at times suitable for families. After work

in order to spent enough time with your family. Because of this the employees are interested to do their work effectively and successfully at this time it is able to balance employees work life.

Nowadays among the employees who work in the CBE Addis Ababa to help banking service administrators understand and foster the positive state of staff engagement in their organization an engaged workforce may provide a buffer against the costly effects of disengagement and burn out, turnover and may prove to be a critical element in achieving successful outcomes for organization as well as for their individual clients in highly competitive scenario.

Therefore, the researcher is interested to study and identify the factors that determine employee engagement (EE).

1.3. Objective of the study

1.3.1 General objective

The general objective of this study is to explore the effects of the work live factors and demographic profiles in determining employee engagement within Commercial Bank of Ethiopia Addis Ababa area zone.

Banking sector is chosen for this study. Because it aims to anticipate the employee engagement of banking sectors.

1.3.2 Specific objectives

The study aims to achieve the following specific objectives.

- To examine the effect of motivation in predicting employee engagement

- To measure the effect of Rewards and recognition in predicting employee engagement.
- To investigate the effect of organizational justice in predicting employee engagement
- To scrutinize the effect of Job characteristics in predicting employee engagement.
- To investigate the effect of work life balance in predicting employee engagement
- To identify the most determinant factor that affect employee engagement.

1.4. Research Questions

The questions that may be appear here are:

- 1) Does motivation has an effect in employee engagement?
- 2) Do rewards and recognition have an effect in employee engagement?
- 3) Does Perception of Organizational justice has an effect in employee engagement?
- 4) Do Job characteristics have an effect in employee engagement?
- 5) Does Work life balance have an effect on employee engagement?

1.5 Research Hypotheses

H1: Motivation has a positive relationship and significant effect in employee engagement.

H2: Reward and recognition have positive and significant effect in employee engagement.

H3: organizational justice has positive and significant effect in employee engagement.

H4: Job characteristics has a positive and significant effect in employee engagement

H5: Work life balance has a positive and significant effect in employee engagement.

1.6. Scope of the study

This study was limited on 10 selected Grade III and IV branches of Commercial Bank of Ethiopia in Addis Ababa area; it does not focused on branches out of this area. Because of resource limitations, it is impractical or unmanageable to include all branches of Commercial Bank of Ethiopia in Addis Ababa area. But only focused in some selected branches of CBE found in Addis Ababa.

In terms of the constructs showing in the research framework, only five factors that determine employee engagement underpinnings (Motivation, Rewards and recognition, organizational justice ,Job characteristics and work life balance) focused and their impact on employee engagement. Other elements or underpinnings measurements of employee engagement are beyond this study. There are others important elements that influence employee engagement such as performance management, career development, job satisfaction, organizational support etc. was not discussed in this study. Thus further research needs to contain more desirable dimensions, in order to gain better insight on determinants of EE in bank employees and take corrective measurement.

1.7. Significance of the study

The study was important to various audiences HR Managers at HO level and Branch managers were benefited from this study. Other practitioners in the service industry were also found the results of this study useful. They may use the findings while initiating the process of employee retention.

This study was also providing current information on factors that determine employee engagement in Ethiopian context particularly in banking industry. It is also in the assumption that the study was providing basic information about Employee engagement. So, it is expected that this research can contribute a lot to the efforts made by CBE for the improvement of employee engagement through provision of appropriate skill and talent to their work. Besides, the findings of the study were used for other similar studies in the future.

1.8. Organization of the paper

The paper is organized into five chapters. The first chapter deals with the introduction of the topic and the second chapter presents review of related literature which is about employee engagement and factors that determine it. The third chapter deals with the methodology of the research and data analysis, findings and discussion of the data gathered will be presented in chapter four, The fifth chapter will contain the conclusion and recommendations of the project .

1.9. Operational Definition of Key Terms

Key Terminology	Definition	Author(s)
Motivation	Motivation is the way in which individuals chose their goals and the ways in which others try to change their behavior action.it is the reason for people’s actions, willingness and goals.	Armstrong(2009)
Rewards and	Recognition and rewards are a method organisations use to	Kahn(1990)

Recognition	make employees feel respected and valued.	
Organizational justice	Organizational justice deals with the ends achieved (what the decisions are) or the content of fairness, whereas procedural justice related to the means used to achieved those ends (how decisions are made) or the process of fairness.	Ambrose,2002)
Job Characteristics	psychological meaningfulness can be achieved from task Characteristics that provide challenging work, variety, allow the use of different skills, personal discretion, and the opportunity to make important contributions.	Kahn(1990,1992)
Work life Balance	Work life balance is the scope for employees to balance their office work with responsibilities and interests and merge the competing statements of work and home by meeting their own needs as well as their employers.	Armstrong(2006)
Employee Engagement	is to be psychologically present when occupying and performing an organizational role.	Kahn(1990)

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Concepts and Operational definition of Employee engagement

2.1.1 Concepts of Employee Engagement

Employee engagement has become a widely used and popular phrase (Robinson et al.,2004). However, most of what has been written about employee engagement can be found in practitioner journals where it has its basis in practice rather than theory and empirical research. As noted by Robinson et al.(2004), there has been surprisingly little academic and empirical research on a topic that has become so popular. As a result, it can be deduced that employee engagement is not a new thing rather a trend with different appearance of being somewhat faddish or what some might call, “old wine in a new bottle ” saks(2006).

To make matters worse, employee engagement has been defined in many different ways and the definitions and measures often sound like other better known and established constructs like organizational commitment and organizational citizenship behavior (Robinson et al., 2004).Most often it has been defined as emotional and intellectual commitment to the organization or the amount of discretionary effort exhibited by employees in their jobs (Frank et al., 2004).

In the academic literature, a number of definitions have been provided. Kahn (1990,) defines personal engagement’s the connecting of organization members selves to their work roles; in

engagement, people employee and express themselves physically cognitively, and emotionally during role performances.” Personal disengagement refers to “the uncoupling of selves from work roles; in disengagement, people withdraw and defend themselves physically, cognitively, or emotionally during role performances”.

Thus, according to Kahn (1990, 1992), engagement means to be psychologically present when occupying and performing an organizational role. Rothbard (2001, p. 656) also defines engagement as psychological presence but goes further to state that it involves two critical components: attention and absorption. Attention refers to “cognitive availability and the amount of time one spends thinking about a role” while absorption “means being engrossed in a role and refers to the intensity of one’s focus on a role.”Schaufeli et al. (2002,) define engagement “as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption.” They further state that engagement is not a momentary and specific state, but rather, it is “a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior”.

Therefore analyzing both academic and practitioner understandings of employee engagement could add to the knowledge of how employee engagement is understood as well as whether or not employee engagement is a meaningful concept and warrants further academic research to strengthen its theoretical foundations and practical application.

2.1.2 Operational definition

Employee engagement has been defined differently by different researchers as well as human resources practitioner and scholars. Each definition reflects the author’s specific conceptualization of the construct. Kahn found that people draw upon themselves to varying

degrees while performing work tasks and they can commit themselves physically, cognitively, and emotionally in the various roles they perform. Or, they may choose to withdraw and disengage from their work roles and work tasks. Results of Kahn's study suggest that there are three psychological conditions that shape how people perform their roles meaningfulness, safety, and availability. Kahn's identification of the three psychological conditions now serves as a framework for the study of employee engagement.

Kahn (1990) describes the state of meaningfulness as one in which workers feel worthwhile, useful, and valuable, and that they are making a difference and are appreciated for the work they do. Safety is described as an environment in which people feel an ability to act as what would be normal for the individual without fear of negative consequences. Safety is found in situations in which workers trust that they will not suffer because of their engagement to their work and where they perceive the climate to be one of openness and supportiveness. Availability is defined by Kahn (1990) as the sense of having the personal physical, emotional, and psychological means with which to engage with their job tasks at any particular moment.

Saks (2006) defines engagement as being psychologically present in both job and organisation roles. This follows on from Kahn (1990) conceptualization of engagement as being psychologically present, however Saks (2006) does not explain what he mean by psychological presence.

The researcher by considering to be the holistic sensation that people feel when they act in total involvement that state where there is little distinction between the self and the work

environment. Engagement is most closely related to the constructs of job involvement Brown(1996).

2.2 Theoretical and empirical review

Although there is abundant social services research on burnout, empirical data on determinants of engagement are limited Freney & Tiernan, ((2006). Most of what has been written has come from consulting firms and those practicing in the field of management Saks, (2006). The following review of the literature will discuss the theoretical back ground and determinants of employee engagement. Highlights from previous studies on employee engagement will also be reviewed.

2.2.1 Theoretical review

2.2.1.1 Theoretical back ground

According to Saks (2006) stronger theoretical rationale for explaining employee engagement can be found in Social Exchange Theory (SET). The Social Exchange Theory provides a theoretical basis of why employees determine to become more engaged or less engaged in their work. According to SET, responsibilities are created through various interactions of parties who are interdependent with each other. SET basic tenet holds that relationships gradually develop into trusting, loyal, and mutual pledges on the condition that the parties to the pledge follow rules of exchange. Therefore, one way for employees to repay their organization is through their engagement level. In other words, employee engagement levels depend on the advantages they receive from the organization.

Showing dedication to one's work in large amounts of cognitive, emotional, and physical resources is a perceptible way for employees to show their appreciation to their organization's services. SET states that individuals having strong exchange ideology are more inclined to feel obliged to return the organizational benefits that they receive. Hence, it can be stated that the link between different predictors and engagement may be stronger for individuals possessing a strong exchange ideology. As we see, employee engagement consists a psychological and emotional connection between employees and their organization which could be turned into negative or positive behaviour at work. The organization plays the main role of engagement.

2.2.1. 2 Employee engagement determinants (Factors)

Although there is little empirical research on the factors that predict employee engagement, it is possible to identify a number of potential drivers from Saks (2006) and Maslach et al. (2001) model. The literature is unclear as to which variables are the strongest predictors. Therefore, variables for this study were chosen by reviewing the limited data that are available regarding employee engagement.

2.2.1.2.1 Motivation

Armstrong(2009), defines motivation as the strength and direction of behavior and the factors that influence employee engagement behave in certain ways. The term motivation can refer variously to the goals individuals have, the ways in which individuals chose their goals and the ways in which others try to change their behavior action. It is the reason for people's actions, willingness and goals.

Armstrong(2009),went on explain that motivation is goals directed behavior or people are motivated when they expect that the course of action is likely to lead to the attainment of a goal and valued reward one that satisfies their needs and wants. However he cited (Arnoldetal, 1991) to cement its definition by giving three components which makes successful individual motivation which are direction effort and persistence.

Mboya (2013), defines motivation as the amount of energy (physical and mental) an individual uses in performing a task. Moreover he went on saying that individual employee may be motivated either based on individual factors (e.g. recognition, driving need) or organization factors (e.g. enabling culture, feedback environment existence of an effective performance management system leadership support and encouragement)etc

2.2.1.2.2 Rewards and Recognition

Recognition is central to any discussion of employee engagement. Recognition may take the form of monetary or nonmonetary awards, or a simple acknowledgement of a job well done. Whatever the method, recognition systems encompass a number of variables that are all important for maintaining high levels of employee engagement including communication and respect. When an organization or a supervisor rewards or recognizes an employee or team, they are communicating in a powerful way what types of activities and accomplishments the organization values. By granting this recognition, the organization is reinforcing what kind of effort and what types of behaviors it would like to see repeated by other employees. Recognition and rewards are also a method organizations use to make employees feel respected and valued. When employees are rarely recognized for a job well done, or when recognition is given inappropriately, engagement will suffer.

Once employees recognized with a greater incentives and recognitions for their performance, it is expected that employees might be satisfied in their mind and perhaps this workplace was fit to them (Saks, 2006). The employees would be willingness to react through their best level of engagement towards their organization when they received recognitions or rewards from their organization.

According to Maslach et al.(2001) have also suggested that a lack of rewards and recognition can lead to burnout, therefore appropriate recognition and reward is very important for engaged employee (Bhattacharya and Mukherjee, 2009; Maslach, Schaufelli, &Leiter, 2001).

Since rewards strategies play an important role in reflecting the organizational culture, the organization need to modify their rewards strategy to be aligned with their own particular organization objective. Today's market trend, employees not only interested at the benefits entitlement and compensation packages offered by the company but they also seek for overall organizational incentive plans. Therefore, to attract the talented workforce, first step have to examine the strengths and determine if employees have benefits to put on the market. Employees today might also shift to another organization because of the better benefits or others attractive incentive packages.

Moreover, workforces are also looking for growth expanding, successful organizations which the company will provide an employee the opportunities for growth and self-development, friendly working atmosphere which they are allow to involve themselves as part of company in decision making. According to Bhattacharya et al. to achieve through increase in performance means to improve productivity in organization (Bhattacharya & Mukherjee, 2009).

The employees consider rewards to be important for keeping them 'engage' in their organizations. Thus, the organization should invest employees in self-development training towards enhancing their skill and involving in certain official or non-official activities for contributing to the friendly environment and make them more productive at the workplace.

2.2.1.2.3 Organizational justice

Research on justice in organizations has been a major interest of researchers for over 30 years (Ambrose, 2002). Early organizational justice literatures distinguished between two types of fairness distributive justice & procedural justice. Distributive justice deals with the ends achieved (what the decisions are) or the content of fairness, whereas procedural justice is related to the means used to achieve those ends (how decisions are made) or the process of fairness, (Ambrose, 2002).

The safety dimension identified by (Kahn,1990) involves social institutions that are predictable and consistent. For organizations, it is especially important to be predictable and consistent in terms of the distribution of rewards as well as the procedures used to allocate them, (Saks, 2006).

According to Saks (2006) when employees have high perceptions of justice in their organization, they are more likely to feel obliged to also be fair in how they perform their roles through greater levels of engagement. On the other hand, low perceptions of fairness are likely to cause employee their work roles.

According to Social Exchange Theory (SET) employees who have higher perceptions of organizational justice are more likely to Reciprocate with greater organization engagement, (Saks, 2006).

2.2.1.2.4 Job Characteristics

Psychological meaningfulness involves a sense of return on investments of the self-in role Performances (Kahn,1992). According to Kahn (1990, 1992) psychological meaningfulness can be achieved from task characteristics that provide challenging work variety, allow the use of different skills, personal discretion, and the opportunity to make important contributions. This is based on (Hackman and Oldham's, 1980) job characteristics model and in particular, the five core job characteristics (i.e. skill variety, task identity, task significance, autonomy, and feedback). In fact, job characteristics, especially feedback and autonomy, have been consistently related to burnout (Maslachetal, 2001). From a SET perspective, one can argue that employees who are provided with enriched and challenging jobs will feel obliged to respond with higher levels of engagement.

Saks (2006) openly showed that job characteristics provide the opportunity for individuals to work effectively and to become more engaged. Job characteristics are those tasks that provide challenging work, variety, use of different skills and opportunity to make important contributions Kahn(1992). It provides individuals with the room and incentive to bring more of themselves into their work or to be more engaged.

2.2.1.2.5 Work Life Balance

Work life balance is a balancing point between personal life and working life (Karthik 2013).Routine life of almost every person is divided between the time at workplace and time from outside at workplace (family life, friend life). Academic have deliberate the relation between two domains, i-e work life or work family literature, for decades (marta et al., 2016).

Work life balance creates a positive environment for personal and for individual (Beauregard & Henry, 2009). Beutell (1985) defined work family conflict as “it is a form of conflict in which the stress from the work and family are mutually incompatible in some respect”.

How the work and the home time are linked both in terms of positive and negative is a dynamic research issue (Lourel et al., 2009). Armstrong (2006) explore that “work life balance is concerned with the scope for employees to balance their office work with responsibilities and interests and merge the competing statements of work and home by meeting their own needs as well as their employers.”. Finding of (paul, 2003) those organization which focus on employee work life balance have better result of their business and as well performance and profit. in today organization need to be more flexible balancing the work and home life which will help to reduce the absenteeism, lateness (Lazer et al, 2007, p 207). It reduces the turnover and International Journal of Academic Research in Business and Social Sciences.

2.2.2 Empirical Review of Studies

From the review of literature, most studies on employee engagement have looked at the level of engagement among employees, factors influencing engagement and relationship between engagement & individual as well as organizational outcomes. In this part of the literature review the researcher has tried to sample some recent studies on employee engagement specially those of the last ten years.

According to Saks(2006) results of the survey showed that the psychological conditions leading to organization and job engagement, as well as the consequences of each, are different. The study

results also showed that perceived organization justice predicted job and organization engagement; by comparison, particular job characteristics predicted individual job engagement.

The researchers concluded that procedural justice predicted organization engagement and that job and organization engagement are both related to employee attitudes, intentions, and behaviour. In particular, job and organization engagement predict job satisfaction, commitment to the organization, To criticize this study; 1st, didn't explain what he mean by psychological conditions. 2nd, didn't explain the difference b/n job and organization engagement based on theories. 3rd didn't identified the strongest predictor among them. 4th as study focused on manufacturing the implicate on for others sectors unknown.

Bakker and Schaufeli(2008) the study results also showed that engagement is conceived as a set of motivating resources , it is conceived in terms of commitment and extra-role behaviour, and it is independently from job resources and positive organizational out comes. To criticize this study; clearly, this seems like putting old commitment wine in new bottles. for instance, as “a psychological state where employees feel a vested interest in the company's success and perform to a high standard that may exceed the stated requirements of the job” or as “personal satisfaction and a sense of inspiration and affirmation they get from work and being a part of the organization”.

Woodruffle (2006) the results showed that ten ways to engage employees like advancement, autonomy, civilized treatment, employer commitment, environment, exposure to senior people, awarding of due praise, availability of support, feeling of being challenged, feeling of being trusted, feeling of working for a good and reliable organization, feeling of working on useful

assignments and respecting work/life balance. To criticize this study; He was emphasized only on non-financial motivators and also didn't not identified their sizes of importance.

2.3. Conceptual framework of the research

With reference to the literature review and the research problem, the research framework has been developed. The Social Exchange Theory (SET) has been used as the basis in developing this research framework. The Social Exchange Theory provides a theoretical basis of why employees choose to become more engaged or less engaged in their work. According to SET, responsibilities are created through various interactions of parties who are interdependent with each other. SET's basic tenet holds that relationships gradually develop into trusting, loyal, and mutual pledges on the condition that the parties to the pledge follow rules of exchange.

The framework focuses on the drivers that could influence employee engagement. The dependent variable is employee engagement, while the independent variables are; Motivation, rewards and recognition, Organizational justice, Job characteristics and work life balance.

2.3.1 Independent Variable

It is the variable that can be manipulated by the researcher and affects or impacts the dependent variable employee engagement (Cooper and Schindler 2008). The researcher chooses motivation, rewards and recognition, organizational justice, job characteristics and work life balance as independent variables.

2.3.2 Dependent Variable

It is that variable which is measured, predicted, or monitored by the researcher and is expected to be impacted by an independent variable through manipulation (Cooper and Schindler 2008). The researcher selects employee engagement as the dependent variable.

The Conceptual framework of the research looks like the following

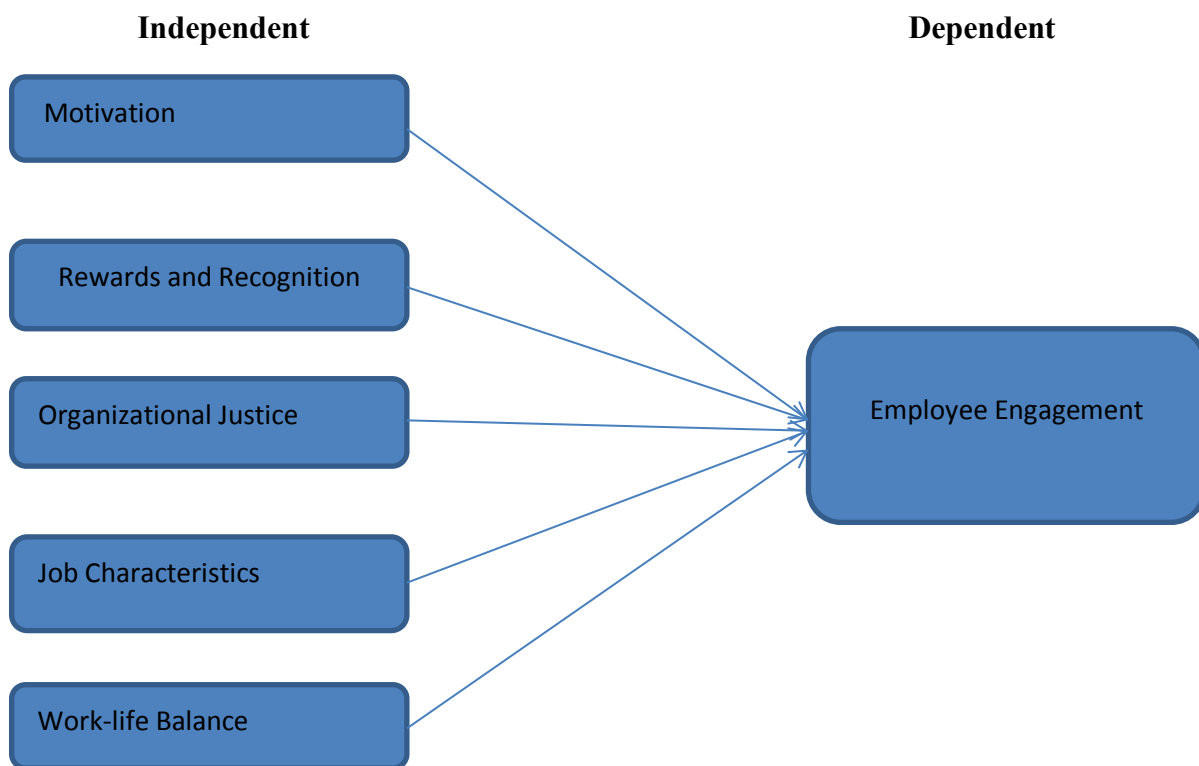


Fig1. Conceptual framework

CHAPTER THREE

3. METHODOLOGY

3.1. Introduction

This chapter of study illustrates the research processes was undertaken in order to conduct the research. It consists of research design, target population sampling design (the sample size and sampling techniques), data collection instrument and variables, and data analysis.

3.2. Research design

As to nature of this research, basically by far it would employ descriptive research nature in line with explanatory. Employee Engagement would be explained using the five employee engagement dimensions and the relationship between employee engagement dimensions and employee engagement would be established. Moreover, the relationship of the five employee engagement dimensions towards the dependent variables was clearly examined. Descriptive studies are designed to obtain data that describe the characteristics of the topic of interest in the research. The objective of descriptive study is to represent an accurate profile of persons, events or situations. In descriptive research, the research problem is structured and well understood (Ghauri and Gronhaug, 2005).

3.3. Target Population

A population can be defined as all people or item with characteristics that one wishes to study and their unit of analysis may be a person, individuals, organization, country, object or other entity that you wish to draw scientific inferences about. The study is undertaken to examine the

factors that determine employee engagement of Commercial Bank of Ethiopia. The bank has 15 districts and 1,300 branches stretched across the country with total population more than 33,000 of employees in which 4 districts and more than 300 branches are found in Addis Ababa as of June 30, 2018. Time limit and budget constraint compel the researcher to focus on selected branches of CBE to undertake the survey. Therefore it is necessary to survey a sample of the population as an alternative in order to formulate predictions about the entire population.

3.4. Sample Design

3.4.1 Sampling Technique

Information obtained from MIS of CBE as of 2017/18 indicates that the branches located in Addis Ababa are categorized and leveled from Grade I to IV based on number of employee, volume of transaction, variety of services provided, site location, facilities and staff strength, cash holding limits and other consideration. Moreover the banking system design is more of standard for the branches at the same grade level. Therefore employing multiple stage sampling technique is found appropriate for this study. Accordingly the researcher first would select 10 grade III and IV CBE branches that are known for having Bank trainee, Junior officers, Officers, Senior officers and Customer service Manager, in addition to Business Manager, Operation Manager, Quality Assurance Officer and Manager which grade I and grade II have and willing to participate during the data collection period.

3.4.2 Sample Size

Sample Size refers to the number of items to be selected from the universe to constitute a sample. According to Kothari(2004) determining sample size is a very important issues because samples

that are too large consumes a lot of time, resource and money, while sample that are too small may lead to inaccurate result.

In order to make generalizations with confidence about the constructs under investigation, the appropriate sample size would be considered. According to the information from sample statistics need to be reliable and represent the population parameters as close as possible within a narrow margin of error. Thus the sample size at 95% confidence level with +/-5% confidence interval (margin of error) and expecting variance in the response to be 0.5, account 384.

$$\text{Necessary Sample Size} = \frac{(\text{Z-score})^2 \times \text{Std. Dev} \times (1 - \text{Std. Dev})}{(\text{margin of error})^2}$$

$$\text{Necessary Sample Size} = \frac{(1.96)^2 \times 0.5 \times 0.5}{(0.05)^2}$$

$$\text{Sample Size} = 384$$

Sample size= **384**

- Where: 95% confidence level corresponds to value of 1.96 from Z-score table.
- Margin of error = +/-5%
- Std. Dev.= 0.5

3.5. Data collection instruments and variables

The study would be used both primary and secondary data as its source of information. Primary data was collected based on structured questionnaire. The secondary data would also be collected by reviewing books, previous research works, articles and journals related, and online information available.

Based on the research objective, a questionnaire would be prepared to employee of CBE. The questionnaire would be divided into two parts. The first part was solicit relevant personal information, such as respondents' gender, age, educational qualification, job title, monthly income and for how long the employee served in the bank. The second part was measure respondents' opinion on employee engagement and factors that determine it.

Questions in part two would be assessed by using a five point Lickert scale. Each question of the questionnaire is assigned a number indicating strongly disagree measured as 1, disagree measured as 2, no opinion measured as 3, agree measured as 4, and strongly agree measured as 5.

Table 3.1 The components of questions related to factors EE

S.no.	Items	Factors	Scale	Source
1.	Motivation	7	Five-Point Likert	Armstrong(2009)
2.	Rewards& Recognition	6	Five-Point Likert	CIDP (2005)
3.	Organizational Justice	8	Five-Point Likert	CIDP(2005)
4.	Job Characteristics	7	Five-point Likert	Saks(2006)
5.	Work life balance	6	Five-point likert	Karthik(2013)

Source: Research Questionnaire 2014

Table 3.2 The questions related to Employee Engagement

S.no.	Factor	Item	Scale	Source
1.	Employee engagement	8	Five-point Likert	Saks(2006)

3.6. Data analysis

Analysis of data in this research was done by using statistical tools like regression and correlation models. Cross-sectional analysis used to know by how much the independent variable explain or influence the dependent variable which is employee engagement. Correlation analysis also conducted to measure the strength of the association between independent variables and employee engagement. And also descriptive analysis used for the demographic factors such as gender, age, education, job title, monthly income and for how long the employee served in the bank. Tools like tables and percentage are used. Data analysis was performed by using SPSS software version 20.

In order to reduce the possibility of getting wrong answers, different actions were taken to ensure the soundness of this study.

1. Data was collected from reliable sources, from respondents who are employees of the bank.
2. The questionnaire was based on literature review to ensure the soundness of the results.
3. Recent SPSS software version 20 used to analyze the data and special emphasis was given during data coding.

CHAPTER FOUR

4. DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the findings and their interpretation based on the main objective of the study which was, to establish the relationship between factors that determine employee engagement and employee in commercial bank of Ethiopia. The findings are presented using frequency table.

4.2 Response Rate

This study targeted 384 respondents, questionnaire were distributed to all targeted respondents from the selected 10 branches of CBE Grade III and IV in Addis Ababa area. Those branches are Atena tera , Salogora ,Nifas silk, Yoseph, Mexico,China Africa, Gotera, Gofa-Gebriel, Kolfe and 18Mazoria. However, out of 384 questionnaires distributed 291 respondents fully filled and returned. This contributed to 75.78% response rate. The findings which are contained in this chapter are based on 75.78% response rate .Mugenda and Mugenda(2003)stated that a response rate of 50% and above is a good response rate for statistical reporting.

4.3 Demographic Information

The respondents were asked to respond to a series of questions about themselves and length of time the respondents uses the banks service.

Table 4.1 Demographic Background of Respondents

Ser. No.	Background	Distribution	Frequency	Percentage
1.	Gender	Male	123	42.3%
		Female	168	57.7%
		Total	291	100%
2.	Age	18-25Years	87	29.9%
		26-30 Years	123	42.3%
		31-45 Years	70	24.1%
		46-60 Years	11	3.8%
		Total	291	100%
3.	Educational Qualification	Diploma	3	1.0%
		Degree	214	73.5%
		Postgraduate	74	25.4%
		Total	291	100%

4.	Job Title	Bank trainee	8	2.7%
		Junior officer	10	3.4%
		Officers	131	45.0%
		Senior officer	101	37.7%
		CSM	41	14.1%
		Total	291	100%
5.	Monthly Income	Birr 2935-4574	16	5.5%
		Birr 4575-5139	48	16.5%
		Birr 5457-8189	144	49.5%
		Birr 9000 and Above	83	28.5%
		Total	291	100%
6.	Years of Service	Below 1 Year	1	0.3%
		1-3 Years	93	32.0%
		3-5 Years	74	25.4%
		5-7 Years	57	19.6%
		Above 7 Years	66	22.7%
		Total	291	100%

Source; Computed & compiled from the SPSS 20 out put

4.3.1 Gender of the Respondents

Table 4.1 presents the demographic information of the respondents. As can be seen from the above table item number one the demographic data for gender shows that out of the 291 respondents there were 168 male and 123 female. The male respondents formed majority of the target population with a Percentage of 57.7% while female respondents were representing 42.3% it can be says CBE is good in proportionate gender based employee engagement.

4.3.2 Age Distribution of the Respondents

Item number two shows that the age of the majority of the respondents the sample population age distribution was clearly depicted largely dominated by respondents who are at the age of 26 – 30 years old covering 123 (42.3%). The next higher group was 87(29.9%) fall under age categories of between 18- 25. The remaining groups 70 (24.1%), 11(3.8%) were under the age categories of 31-45 and age 46-60 years respectively showed little engagement with the bank CBE. This implies that those employees of CBE with in the age group between 18-25 and 26-30 years show a much higher level of engagement as compared to other age group and can contribute for the achievement of company objectives.

4.3.3 Educational Qualification of Respondents

According to item number three of the above table the respondents hold a range of educational qualification from Diploma to Master's degree. The majority of the sample group holds a first degree which accounted 214 (73.5%).Followed by respondents those had postgraduate with a

percentage of 74 (25.4%) and 3 (1.0%) of the respondents diploma holders. since the majority of the respondents were educated, it can be concluded that almost all employees are capable of using new technology, realizing and doing the objective of the bank.

4.3.4 Job Title of respondents

In addition, item number four illustrate that majority of respondents are Officers 131(45%) followed by Senior Officers with a percentage of 101(34.7%) and the job position of employees 41(14.1%) shows that Customer Service Managers (CSM) and the remaining 10(3.4%), 8(2.7%) fall under the job category of Junior Officers and Bank Trainee respectively. This data indicated that almost all employees of the 10 selected Grade III & IV CBE branches were involved in the study, and this might give a good result of study and full representation of respondents.

4.3.5 Monthly Income of respondents

The results in item number five above indicate that majority 144(49.5%) of the respondents monthly income are between Birr 5,475-8,189. Those who earned Birr 9000 and above monthly income came in next at 83(28.5%). On the other hand, 48(16.5%) had earned monthly income of birr between 4574-5139 and the remaining respondents 16(5.5%) earned income between 2935-4574. Therefore, the majority of the employees who are found in the selected 10 Grade III and IV branches of CBE earned monthly income between Birr 5,457-8,189.

4.3.6 Years of Service Respondents

Besides the respondents have served in CBE Grade III & IV 10 selected Branches from below one year up to above 7 years. From the respondents, only 1(0.3%) of them have worked below 1

year in the Bank. The majority of the respondents have served the Bank between 1- 3 years which consists 93 (32 %) of the study group. The other 74 (25.4%) respondents worked between 3 - 5 years. while respondents who have served above 7 years followed with a frequency of 66 representing 22.7% and also the respondents between 5-7 years of service worked in the bank 57(19.6%).According to this figure, employees' of the bank are largely dominated by workers who have been working in the bank from 1-3 years of service. Since most of the respondents are youngsters they have few years of work experience.

4.4 Reliability Test Result

Alpha reliability is regarded as a measure of internal consistency of the mean of the items at the time of administration of the questionnaire. Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively related to one another (www.wikipedia.com). It is computed in terms of the average inter correlations among the items measuring the concept. Reliability is calculated in such a way that it represents the reliability of the mean of the items, not the reliability of any single item. So, the alpha reliability of 10 items would be higher than that of 5 similar items. This coefficient can hold a value of 0 to 1. The result of 0.7 and above implies an acceptable level of internal reliability. The result of reliability test for the questionnaire is shown in the following table. As it is indicated in the table, the test result is more 0.70. Therefore, based on the test, the results for the items are reliable and acceptable.

Table 4.2: Reliability test result for the questionnaire

Item	Number of Item	Cronbach's Alpha
Motivation	7	0.796
Rewards& Recognition	6	0.708
Organizational Justice	8	0.823
Job characteristics	7	0.809
Work life balance	6	0.722
Employee engagement	8	0.872
Overall	42	0.930

Source: Computed & compiled from the SPSS 20 output

4.5 Correlation Analysis

The correlation matrix allows to assess the strength of the association between the variables of interest. The Pearson Product-Moment Correlation Coefficient is used as a statistic that indicates the degree to which two variables are related to one another (Pearson, Year). The sign of a correlation coefficient range from +1to -1, which indicates the direction of the relationship between the variables. A positive correlation indicates a direct positive association between two variables. A negative correlation, on the other hand, indicates an inverse, negative relationship between two variables (Rud et. al. 2012). Table 4.3 below reveals the result of the correlation data. The correlation results provide preliminary information about the association between the variables of the study that covers the way for further investigation using regression analysis.

Table 4.3 Correlation Matrix

	1	2	3	4	5	6
1. Motivation	1 291					
2. Reward & recognition	.623** .000 291	1 291				
3. Organizational Justice	.584** .000 291	.608** .000 291	1 291			
4. Job Characteristics	.502** .000 291	.536** .000 291	.656** .000 291	1 291		
5. Work Life balance	.187** .001 291	.229** .000 291	.318** .000 291	.353** .000 291	1 291	
6. Engagement	.384** .000 291	.447** .000 291	.554** .000 291	.643** .000 291	.456** .000 291	1 291

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

Source; Computed & compiled from the SPSS 20 output

4.5.1 Correlation Analysis between motivation and Employee Engagement

As indicated in 4.3, the correlation coefficient result of motivational practice and employee engagement in CBE is ($r = .384, p < 0.01$). This implies the presence of moderate relationship between motivational practice and employee engagement in the Bank which is statistically significant.

4.5.2 Correlation Analysis between Rewards & Recognition and Employee Engagement

The result on the above table 4.3 shows that the existing Rewards & Recognition practice of CBE 10 selected Grade III & IV branches ($r = .447, p < 0.01$) is moderate positive relation and statistical significantly. This means an increase in Rewards & Recognition activities will bring an increment in employee engagement. Therefore, the null hypothesis (H_0) is rejected.

4.5.3 Correlation Analysis between Organizational Justice and Employee Engagement

From the above table 4.3 it can be seen that Organizational Justice practice ($r = 0.554, p < 0.01$) is positively correlated with employee engagement. This implies the presence of substantial relationship between Organizational Justice practices and employee engagement in CBE 10 selected Grade III & IV branches which is statistically significant. And change in Organizational Justice given to employees has a corresponding effect on employee engagement. Therefore, the null hypothesis (H_0) is rejected.

4.5.4 Correlation Analysis between Job Characteristics and Employee Engagement

The above table 4.3 it can be shows that Job characteristics ($r = 0.643, p < 0.01$) is positively correlated with employee engagement. This implies the presence of substantial relationship

between Job characteristics and employee engagement in CBE 10 selected Grade III & IV branches which is statistically significant. And change in Job characteristics has a corresponding effect on engagement of employees. Therefore, the null hypothesis (H0) is rejected.

4.5.5 Correlation Analysis between Work life balance and Employee Engagement

From the above table 4.3 it can be deduce that work life balance ($r=0.456$, $p<0.01$) is positively correlated with employee engagement. This implies the presence of moderate relationship between work life balance and employee engagement in CBE 10 selected Grade III & IV branches which is statistically significant. And change in work life balance given to employees has a corresponding effect on engaged employees. Therefore, the null hypothesis (H0) is rejected.

Moreover, we can conclude from the correlation results any corresponding change in the independent variables such as increase on motivational practice, improved Rewards and Recognition practice, improvement in organizational justice, improvement in job characteristics and improve the work life balance of employees' will have a positive, moderate and substantial relative impact on the dependent variable of employee engagement. However, if the changes in the individual independent constructs are not in a positive manner, then its effect on the dependent variable will be negative.

4.6 Regression Analysis

In this part, Employee Engagement was regressed against the five variables (Motivation, Rewards & Recognition, Organizational Justice, Job characteristics and Work life balance). The results are presented in Table 4.6 below.

After the study met the regression assumption next the researcher examined the influence of employee dimensions on employee engagement. The researcher tested the five hypothesis set out to be tested at the beginning based on the regression analysis. The researcher believes that the bank can use the result of the regression analysis for future decision making via identifying which employee dimension got the highest influence on employee engagement.

4.6.1 Assumptions of linear regression analysis

4.6.1.1 Multicollinearity test

As with ordinary regression, for this study the researcher was checked this assumption with tolerance and VIF statistics. Andy (2006) suggests that a tolerance value less than 0.1 almost certainly indicates a serious collinearity problem. Liu, (2010) also the researcher uses Variance Inflation factor (VIF) to check the Multicollinearity among the independent variables. Multicollinearity exists if VIF is greater than 10. Freund and Littell (2000:98). The value of VIF for each independent variable is smaller than 10, so the problem of Multicollinearity does not exist. It seems from these values that there is no an issue of collinearity between the predictor variables. Which means that the derived model is likely to be unchanged by small changes in the measured variables. In another word, these values give us some idea as to how accurate our regression model is. Thus no concern with biasing effect of collinearity.

Table 4.4 Multicollinearity test

Independent Variables	Collinarity statistics
	VIF
Motivation	1.215
Rewards and Recognition	1.242
Organizational Justice	1.923
Job Characteristics	1.847
Work-life Balance	1.250

Source: Computed & compiled from the SPSS 20 output

Table 4.5: Regression analysis result for employees and employee engagement

Model Summary

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722a	.521	.516	.58194

Predictors: (Constant), Work Life Balance Average,
 Motivation Average, Job Characteristics Average,
 Rewards& Recognition Average , Organizational Justice
 Average

Source; Computed & compiled from the SPSS 20 out put

In the above table the value of R square implies 52.10% of the variance in the dependent variable (employee engagement) can be predicted from the independent variables. Thus, the hypothesis which states that employee dimensions as a cumulative has a positive and significant effect on employee engagement.

Table 4.6: Regression Result

Coefficients

Model	Un standardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	.469	.184		2.541	.012
Motivation	-.018	.064	-.016	-.277	.782
Reward & Recognition	.088	.067	.077	1.312	.191
Organizational Justice	.186	.070	.168	2.663	.008
Job Characteristics	.445	.063	.414	7.068	.000
Work Life Balance	.244	.046	.242	5.353	.000

a. Dependent Variable: Employee Engagement

Source; Computed & compiled from the SPSS 20 out put

Table 4.6 demonstrates the regression result of the study. The table summarize and helps to understand which variables among the five independent variables is the most important in explaining the variance in employee engagement. As it is indicated in the table above, the standardized beta coefficient of job characteristic's (beta=0.445) is the highest among the rest of the variables revealing the largest contribution in explaining the variance of the dependent variable followed by work life balance (Beta = 0.244), Organizational justice (Beta = 0.186) and While rewards & recognition and motivation takes the lowest (Beta =0.088),(Beta=-0.018) respectively.

As shown from the above table 4.6, motivation has negative and weak relationship with employee engagement with significance value of .782 which is greater than 5% confidence interval. This indicates that, the predictor is statistically not significant at less than five percent level of significance. Therefore, Hypothesis 1 is rejected, Rewards & Recognition has, P-value significant at ($p < 0.05$), and the beta value is positive. but weak relationship with employee engagement significance value of .191 which is greater than 5% confidence interval. This indicates that, the predictor is statistically not significant at less than five percent level of significance. Therefore, Hypothesis 2 is rejected, Organizational justice has, p-value significant at ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that Organizational justice has positive and significant effect on employee engagement in CBE. , Job Characteristics has, p-value significant at ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that Job Characteristics has positive and significant effect on employee engagement in CBE. Besides Work life balance has, p-value

significant at ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that Work life balance has positive and significant effect on employee engagement in CBE.

Based on the values of beta (β) and correlation coefficient(r) all the dimensions have positive relationship with the dependent variable (employee engagement). Among the five variables the highest values of Job characteristics ($\beta=0.414$, $r=0.643$), Organizational Justice ($\beta=0.168$, $r=0.554$), Work life balance ($\beta=0.242$, $r=0.456$) indicated that the variables significant effect on employee engagement.

CHAPTER FIVE

5. SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

This research had an aim of investigating the effect of selected internal factors which are motivation, rewards & recognition, organizational justice, job characteristics and work life balance on employee engagement. This was done by investigating the relationship between each determinant factors and employee engagement using correlation analysis and regression analysis to determine the extent of change in employee engagement due to the selected internal factors.

Employee engagement has become one of the best approaches that an organization can adopt with the aim of building relationships with employees and maintaining their engagement. The objective of this study is to explore the factors that determine employee engagement within CBE, by analyzing the relationship of every construct in the conceptual framework. Based on the results from this research, employees' are correlated with employee engagement. The findings show that employee activities can explain 52.10% of employee engagement in CBE. Employee engagement elements particularly job characteristic, organizational justice and work life balance have greater influence on employees engagement and it is more important in shaping employees' are more engaged in the bank.

Demographic factors such as gender, age, education qualification, Job title, monthly income and length of time the employee served in the bank have been to know the general characteristics of the respondents. The demographic factors in this study summarizes; CBE is good in proportionate gender based EE, in terms of age, employees' of CBE in the productive age groups

showed a much higher level of engagement as compared to other age group and can contribute for the achievement of company objectives, with regard to the educational qualification of respondents, the majority of the respondents are educated it can be concluded that almost all employees are capable of using new technology, realizing and doing the objective of the bank. when we see the job title of the respondents, most of them are officers followed by senior officers, in case of the monthly income of the respondents, the majority had an income 5,457-8,189, and finally when we look at the length of time the employee served in the bank most of the respondents are youngsters they have few years of work experience.

This research have identified three factors that will have to determine employee engagement in banking industry particularly in CBE, job characteristics ,organizational justice and work life balance respectively. Based on the Pearson correlation test of correlation results, job characteristics has positive and highly correlated with employee engagement. The correlation coefficient between job characteristics and employee engagement is the highest of all correlation. This implies that job characteristics are a major determinant of employee engagement in this study.

Organizational Justice is the second highest of all correlation results of employee engagement factors in this study. In other words if employees are engaged in the bank, they will be successful to their work otherwise they will not be engaged to their work.

The other factor that is included in the employee engagement is work life balance and it is the third determinant of employee engagement in this study. The fourth and last factor in the dimensions is Rewards& Recognition &motivation respectively. Even if it has positive and

moderate relationship with employee engagement it has insignificant effect to influence employee engagement.

When we see the descriptive statistics result for all variables against it is assured that all independent variables can explain level of engagement of CBE with employees'. Overall results show that the level of engagement in CBE with its employees' is good.

5.2 Conclusions

In general, this study looked at the determinants of employee engagement in banking industry, particularly in Commercial Bank of Ethiopia. The major goal of employee engagement will lead to create engaged employee in the organization by using the different factors. Lasting relationship with engaged employee is the first requirement to survive in a competitive environment and to generate profit. The employee engagement dimensions that were included in this research are motivation, rewards & recognition, organizational justice, job characteristics and work life balance.

Determinant internal factors examined in this study are motivation, rewards & recognition, organizational justice, job characteristics and work life balance in CBE 10 selected Grade III & IV branches are not being implemented properly as they have to be put into effect. That means there are still limitations in implementing these practice. Regardless of, moderately well implementation of the banks' practices, engaged employee is not bad. But the bank still not get utilize the full potentials of its human recourses due to the above limitations in implementing the human resource management practices properly. Shallow

Based on the findings summarized above section the following conclusions were drawn:

- Most of respondents agree that the level of engaged employee in CBE is good which was evaluated from five dimensions mentioned above.
- The researcher concluded that the five dimensions namely: motivation rewards & recognition, organizational justice, job characteristics and work life balance have positive, moderate and substantial correlation with the dependent variable employee engagement. Hence as the influence of the five independent variables increases the employee engagement increases. Based on the evidence of the R square value obtained which indicates that 52.10% of the variance on employee engagement can be predicted by the independent variable. Thus the hypothesis that the five independent variables as a cumulative have a positive and significant effect on employee engagement is accepted.
- Based on the values of beta (β) and correlation coefficient(r) all the dimensions have positive relationship with the dependent variable (employee engagement). Among the five variables the highest values of Job characteristics ($\beta=0.414$, $r=0.643$), Organizational Justice ($\beta=0.168$, $r=0.554$), Work life balance ($\beta=0.242$, $r=0.456$) indicated that the variables significant effect on employee engagement.
- Among the five dimensions Job characteristics has substantial and moderate degree of importance on employee engagement, followed by organizational justice and work life balance respectively.
- The inter-correlations between variables shows a positive and significant relationship among the employee engagement dimensions.
- Although the other employee engagement dimensions have determined by engaged employee, two dimensions like rewards& recognition and motivation are more sensitive than others in this research.

5.3 Recommendations

The study investigated that the bank has limitations in properly implementing of the internal factors assessed in this research which are motivation, Rewards& Recognition, organizational Justice, Job characteristics and Work life balance. Hence, the management of the bank should review their Human resource management implementations. In doing so ensuring the participation of employees from every level in the organization is fundamental. Because, it is essential to get enough direct input concerning the human resource related factors that affect employees. This is basically helpful in developing engaged employee for enhanced employee engagement. If not employees may no longer stay working in this CBE where: they do not get adequate training to reduce difficulties in order to discharging their responsibilities, there is no equitable salary and no fair promotion, without freedom in making decision related to their job and poorly designed office layout which may lead to risk for that specific job.

Based on the findings and the conclusions made before the following recommendations are provided:

- The bank should ascertain engagement levels of their employees in order to identify gaps and take appropriate measures to bridge gaps.
- The bank should focus on design five core job characteristics (i.e. skill variety, task identity, task significance, autonomy, and feedback).
- Since reward and recognition strategies play an important role in reflecting the employee engagement, the organization need to modify their rewards strategy to be aligned with their own particular organization objective. Today's market trend, employees not only interested

at the benefits entitlement and compensation packages offered by the company but they also seek for overall organizational incentive plans.

- For the bank, it is especially important to be predictable and consistent in terms of the distribution of rewards and job resources as well as the procedures used to allocate them.
- The bank should focus on building and strengthening supportive and trusting interpersonal relationships as well as supportive management.
- The bank and employees share a symbiotic relation, where both are dependent on each other to satisfy their needs and goal. Therefore; employee engagement should not be a onetime exercise, but a continuous Process of learning, improvement and action.

5.4. Limitations of the Study

Although there is a notable contributions from this study especially for talented employee retention and full engaging strategies through identified key determinates of EE. The significance of this study need to be viewed and acknowledged in lights of its limitation. Therefore, future research should be conducted on a larger scale by considering more state and private commercial banks from all over the country.

1. The study was quantitative method, cross-sectional Survey and small sample size.
2. The study does not include privet banks as their organizational policies and orientation have been found to be different from CBE.

5.5 Future Research Potential

The results of this study suggest that employee engagement is a meaningful construct that is worthy of future research. Hence, there are several avenues to consider. The scope of the study

can be further increased and enriched to include personality variables that might predict employee engagement like self-esteem and locus of control. It could also include other organizational variables than those mentioned in this study to identify their effect on employee engagement in Ethiopian context.

The study can also include other methods like in-depth interviews, focus group interviews, nominal group technique etc. the sample size can be bigger and broader to increase the representativeness& it can also be conducted at the banking industry level (i.e. by including other private and public banks) and or across countrywide (including other industries) so that the results can be more generalized. The following four future researches suggest employee engagement.

1. The scope of the study can be further increased and enriched to include more variables under the theoretical framework in future studies like personal factors.
2. Multiple measurement methods for justifiability of the theoretical model can include other methods like in- depth interviews, focus group interviews, nominal group technique etc.
3. The sample can be bigger and broad based to increase the representativeness of the study.
4. The scope of the study can be further broadened to increase various views of employee engagement like job-engagement and organizational engagement.

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Appendix

Addis Ababa University

College of Business and Economics

Department of MBA on Financial Service

Dear participants:

The questionnaire is prepared by Master of Business Administration (MBA) on Financial Service graduate student for the purpose of writing thesis on “Factors That Determine Employee Engagement”. Your honest response is very much important input to my thesis. I want to assure you that your privacy for responding to this questionnaire is completely kept in secret.

Please attempt to answer all the questions and tick () in the box that best suits your perspective for each statement. Thank you very much for your time and assistance.

Your time will make significant difference in my professional career.

Sincerely Yours

Eleni Esayas

Questionnaire

Part I: Demographic or General information

Choose the suitable answer and tick () in the box given for each question.

1. Gender	<input type="checkbox"/> Female	<input type="checkbox"/> Male
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2. Age	<input type="checkbox"/> 18- 25 years	<input type="checkbox"/> 31-45years
	<input type="checkbox"/> 26-30 years	<input type="checkbox"/> 46-60 years

3. Education qualification	<input type="checkbox"/> Diploma	<input type="checkbox"/> Postgraduate	<input type="checkbox"/> PhD
	<input type="checkbox"/> Degree	<input type="checkbox"/> Others	

4. Job title;

<input type="checkbox"/> Bank Trainee	<input type="checkbox"/> Officers	<input type="checkbox"/> Senior Officers
<input type="checkbox"/> Junior Officers	<input type="checkbox"/> Customer service manager	

5. Monthly income	<input type="checkbox"/> Birr 2,935- 4574	<input type="checkbox"/> Birr 5457 – 8189
	<input type="checkbox"/> Birr 4575- 5139	<input type="checkbox"/> Birr 9000 and above

6. For how long have you served in the bank?

<input type="checkbox"/> Below 1 year	<input type="checkbox"/> 3- 5 years	<input type="checkbox"/> Above 7 years
<input type="checkbox"/> 1 -3 years	<input type="checkbox"/> 5- 7 years	

Part II

Please, indicate your opinion by marking the appropriate tick (☐) on the five point scale where:

1=Strongly Disagree 2= Disagree 3=No Opinion
 4=Agree 5=Strongly Agree

Motivation	1	2	3	4	5
1. Satisfied with physical working conditions					
2. My salary payment is satisfactory in relation to what I do					
3. My salary is in accordance with my work experience and increases on fair manner					
4. I am satisfied with bank’s benefits package.					
5. Hard working employees are recognized.					
6. Staffs are promoted in a fair and transparent way					
7. Able to realized ultimate personal potential					
Rewards & Recognition					
8. A pay raise, Job security, and a promotion available for me					
9. I get Praise from my supervisor.					
10. Training and development opportunities available for me.					

11. More challenging work assignments available for me.					
12. There is some form of public recognition (e.g. employee of the month).					
13. There is a reward or token of appreciation.					
Organizational Justice					
14. The outcomes I receive appropriate for the work I have completed.					
15. My outcomes reflect what I have contributed to the organization					
16. I have been able to express my views and feelings during those procedures.					
17. I have had influence over the outcomes arrived at by those procedures					
18. Those procedures have been applied consistently.					
19. Those procedures have been free of bias.					
20. I Have been able to appeal the outcomes arrived at by those procedures.					
21. Those procedures have upheld ethical and moral standards					
Job Characteristics					
22. There is much autonomy in my job					
23. My job permit me to decide on my way how to go about doing the work					
24. There is much variety in my job					
25 The job requires me to do many different things at work using a variety of my skills and talents.					
26. Managers or co-workers let me know how well I am doing on my job					
27. Doing the job itself provide me with information about my work performance					
28. The actual work itself provides clues about how well I am doing aside from any “Feedback” co-workers or supervisors may provide.					
Employee Engagement					

29. I really “throw” myself in to my job					
30. Time passes quickly when I perform my job					
31. I stay until the job is done					
32. I get excited when I perform well on my job					
33. Being a member of this organization is very captivating					
34. One of the most exciting things for me is getting involved with things happening in this organization					
35. Being a member of this organization make me come “ alive”					
36. I am highly engaged in this organization					
Work Life Balance					
37. Do you feel you are not able to balance your work life?					
38. Do you find yourself unable to spend enough time with your family?					
39. Do you think that if employees have good work-life balance the organization will be more effective and successful?					
40. Do you ever feel tired or depressed because of work					
41. Do you ever miss out any quality time with your family or your friends because of Pressure of work?					
42. Does your organization should arrange social functions at times suitable for families?					

Thank you very much for your participation! Your efforts are greatly appreciated.

Correlations

