

Identifying Factors that Influence Employee Engagement: The Case of Commercial Bank of Ethiopia



Research Project Submitted to Addis Ababa University in partial
Fulfilment of the Requirement for the Degree of Master of Business
Administration (MBA)

Financial Services (Banking)

Prepared By: Sendaye Kiros

Advisor: Lakew Alemu (PHD)

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MBA

June, 2020

Addis Ababa, Ethiopia

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DECLARATION

I, Sendaye Kiros, hereby declare that the Research Project entitled, “Identifying Factors that Influence Employee Engagement: the Case of Commercial Bank of Ethiopia”, is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestions of the research advisor Lakew Alemu (PHD).

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Signature: _____

CERTIFICATE

This is to certify that this Research Project, “Identifying Factors that Influence Employee Engagement: the Case of Commercial Bank of Ethiopia” is prepared by Sendaye Kiros for partial fulfillment of the requirement for the Degree of Masters of Business Administration (MBA in Financial Services: Banking) complies with the regulations of the university and meets the accepted standard with respect to originality.

Research Advisor: Lakew Alemu (PHD)

Signature _____ Date _____

Addis Ababa, Ethiopia

June, 2020

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
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Commercial Bank of Ethiopia

By: Sendaye Kiros

Approved by Board of Examiners:

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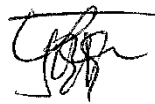
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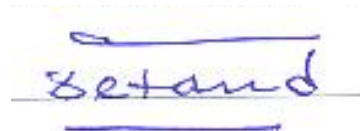
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List of Acronyms

CBE	Commercial Bank of Ethiopia
EE	Employee Engagement
JD-R	Job Demand Resource Model
SDT	Self Determination Theory
SET	Social Exchange Theory

Abstract

Taking into account the global status of human resource movement and utilization as part of competitive mechanisms for businesses in the international economic, employee engagement can be considered as the most important human resource factor that can guide how a company can respond to market actions through its resources. Employees bring the creative mind that attracts customers and then business opportunities. According to Heartfield (2012) many business entities need to secure the positive attitude and motivation of their employees in order to sustain with the fierce competition. Emotional existence matters most at work stations than physical existence of employees in order to produce customer satisfaction and organizational effectiveness. Therefore, it is imperative to make an in-depth look into how employee engagement is manipulated through various factors in an organization. This research project is intended to examine factors that are selected based on outputs from previous researches and their influence on employee engagement in the banking sector of Ethiopia by taking Commercial Bank of Ethiopia as case selected for the research project. The explanatory variables taken into the research project were job characteristics, reward and recognition, organizational justice, Leadership and perceived organizational support. A descriptive research design was employed and data were collected from primary sources using a standardized questionnaire and 300 questionnaires were filled out and returned which has 89% response rate. The collected data were analyzed through descriptive, correlation and regression analysis using Statistical Package for Social Sciences (SPSS) IBM version 25. The findings of the research revealed that job characteristics, organizational justice, leadership and perceived organizational support were positively and significantly correlated with employee engagement whereas result of reward and recognition showed insignificant influence of on EE and status of engagement in CBE employees are moderately engaged. The study recommended that the management of the CBE should pay attention to key areas that it can alter employee engagement through provision of adequate autonomy and challenging assignments that can require discrete decision and problem solving skills of employees to ensure their full-self engagement; and also suggested to undertake corrective actions in order to enhance motivation of employees at their work stations through improved perception of better understanding of personal issues by the management. Moreover, the bank needs to have a revision on how fair the working procedures are across its employees and look into leadership development programs to improve the capacity of managers to enhance the engagement of employees through leadership characters. However, this study is subjected to limitations since the research project applied descriptive, cross sectional, quantitative, small sample size and only 5 independent factors where a common method bias is a serious limitation. Hence, future research might apply a longitudinal in large scale by considering banking sector in Ethiopia and by including many factors that might help to explain EE. And insignificant influence of reward and recognition on employee engagement, further study is required on this issue to identify factors causing such relationship.

Key Terms: Employee Engagement, Job Characteristics, Rewards and Recognition, Organizational Justice, Leadership and Perceived Organizational Support.

Chapter One

1. Introduction

On this part of the study the researcher try to provide some insights about the study conducted, Which is consisted background of the study, statement of the problem, research questions, general and specific objectives, significance of the study, scope of the study and organization of the paper to guide the whole study.

1.1 Background of the Study

Employee engagement is rightly viewed as a key aspect of productivity. It makes sense that the enthusiasm and interest which fully engaged employees bring to their work each day would be directly tied to both a more unified workplace culture and the extra efforts, better ideas and innovations that make organizations thrive (Richa & Srivastava, 2015).

Organizations across the globe have tried to curb their hiring rates in order to cope-up with the uncertain economic downturns and stabilize their overall business volatility. This paved way for the high importance of engagement of employees at work places that in turn contribute to overall productivity of those organizations. Keeping this in mind it is essential to understand personal and organizational factors that influence employee engagement, namely job characteristic, leadership, perceived organizational support, organizational justice, and reward and recognition as part of key interventions in human resource management.

According to Samuel and Maureen (2014), factors such as pay scale, recreation packages, career development opportunity and performance feedback significantly influences employee engagement.

Moreover, Meily, Ratna, Sri and Hendra (2018) investigated the level of influence of these factors and concluded that Job characteristic, Reward and recognition, Perceived organization support and Perceived supervisor support influenced employee engagement by 22%, 28.6%, 27.1% and 25.1% respectively.

This relationship is also very important in banking industry. Banking institutions in Ethiopia provided sheer emphasis on quality service provision which called for having employees that are

engaged at their work and strive for quality contributions. Ensuring employee engagement in turn requires in-depth understanding of how it is influenced and which factors induce those influences (Heartfield, 2012). Therefore, this study focuses on assessing employee engagement in the Commercial Bank of Ethiopia.

1.2 Background of the organization/ Study area

Commercial Bank of Ethiopia (CBE) is the government owned Commercial bank which is playing the catalyst role for the development of the country and the pioneer in introducing modern banking system to the country. Its history dates back to the establishment of the State Bank of Ethiopia in 1942 then legally established as a share company in 1963. CBE merged with the privately owned Addis Ababa Bank in 1974, and recently merged with the other government bank Construction and business Bank of Ethiopia, and Provide professional banking services to its customers backed by world-class technologies and outstanding levels of service (cbe.portal).

CBE is established with a vision to become A World-Class Commercial Bank by the year 2025. It has organizational values that include Integrity, Service Excellence, Professionalism, Empowerment, Learning Organization, Team work, Respect for Diversity, and Corporate citizenship (cbe.portal).

1.3 Statement of the Problem

Employees that are engaged at their work are the main source of competitive advantage to their organization through improved productivity and ensured employee loyalty. Therefore, according to Vance (2006), it is imperative to organizations to commit their resources and management capability through their policies and procedures to foster engagement of their employees at their work. Higher engagement of employees can be revealed through enhanced commitment of employees in delivering what is required from them and go beyond to add value.

Recent trends are indicating that retaining employees within their organizations are being given great value instead of attracting best talents (Wang, 2016). Therefore, significant resources of organizations are flowing towards ensuring enhanced commitment and engagement of employees through which organizations can easily secure best talents of their employees in order to achieve organizational goals (Ikon & Chukwu, 2017).

Despite this fact, many empirical research outputs in recent times are indicating ever increasing disengagement of employees in organizations. Investments made to secure employee engagement are facing the challenges of emotionally disengaged employees explained through service quality, customer satisfaction and related issues (Pandita & Bedarkar, 2014). A study conducted by Cureton (2014), also pointed out the existence of misalignment between investments made to secure engagement of employees and level of employee engagement that led to loss of revenue due to disengagement of employees in spite of resources committed.

It is of great importance to understand key elements of employee engagement that can heavily influence the minds and hearts of employees to commit themselves to their work for overall achievement of organizational goals. Hence, organizations are required to wisely monitor the engagement level of their employees with respect to organizational interventions explained through managerial efforts, money and time expected to raise those levels (Heartfield, 2012).

Having this well understood, and employee engagement is crucial for the service quality and customer retention efforts of the banking industry which in turn plays leading role in the socio-economic developments of Ethiopia, and also putting in mind that very few empirical findings are available in the subject area, one can easily appreciate the reason why this study is so important.

On top of this, recent reports of the bank showed that amidst achievements regarding deposit, customer base, accessibility and other parameters in the banking industry, significant staff turnover and disengagement are identified. (CBE Employee Satisfaction Survey) this paves the road for this study to have such importance in providing insight to the management of the bank in addressing key issues of employee engagement.

In light of the above statement of problem, this research intends to address the following research question:

1. *What is the existing status of engagement of employees of Commercial Bank of Ethiopia?*
2. *Is there a strong relationship between the factors such as job characteristics, reward and recognition, organizational justice, leadership and perceived organizational support with employee engagement in CBE?*

3. *Which factors need critical attention from the management of CBE in order to increase level of employee engagement?*

1.4 Objectives of the Study

The general objective of this study is to assess factors affecting employee engagement at Commercial Bank of Ethiopia. Under the umbrella of this general objective, the study has the following specific objectives:

- To investigate the job characteristics in the Bank as factor affecting employee engagement;
- To examine the reward and recognition in the Bank as factor affecting employee engagement;
- To examine the organizational justice in the Bank as factor affecting employee engagement;
- To examine the leadership in the Bank as factor affecting employee engagement;
- To investigate the perceived organizational support in the Bank as factor affecting employee engagement.

1.5 Significance of the Study

As related to the subject area, the study will broaden the knowledge of implementing measures in enhancing employee engagement in the Commercial Bank of Ethiopia. In addition,

- The study will serve as input for further researches on employee engagement in the banking sector in Ethiopian context;
- The implication of the study will contribute a lot for the management bodies of the banking sector and other organizations as well to oversee the real practice on employee engagement;
- It will also help the human resource manager in following up of the employee engagement interventions implementation and to be used as a guide line for better understanding of the significance of the employee engagement and contribute a lot to strengthen the existing good practice and will help to improve the gap if it may have.

1.6 Scope of the Study

Though much has been said about employee engagement and a lot of research has been carried out on its determinant factors, it is difficult to come up with similar results (Celestine, 2015). Accordingly, this study mainly focused on assessing selected Independent variables of employee engagement (Job Characteristic, Reward and Recognition, Organizational Justice, Leadership, and Perceived organization Support).The study also delimited itself on one district and branches of CBE (which is located in Addis Ababa area).

1.7 Organization of the Study

This study composed of five chapters, the first chapter give an over view of the study area and the organization which the researcher used as a case study and stated the objective significance and research problems and chapter two deals with the related literature review which contains theoretical as well empirical evidences and develop a conceptual frame work and chapter three discussed about the research methodology means deals with the data collection and analysis that the researcher uses and Chapter four presents the study result and discussion and finally chapter five present the researchers summary of findings, conclusions, recommendation, limitation and implication for future researchers.

Chapter Two

2 Related Literature Review

Under this section, theories and models regarding employee engagement and its impact on organizational and individual outcomes carried out by various researchers are discussed.

2.1 Introduction

It is often written or spoken that employees are the most valuable resource in a company where productivity is a common goal. Nowadays, organizations are in fierce competition to tap best talent and skills and retain employees with higher productivity rate. Retaining best employees might not be adequate for such organizations to be well served by their human resources but requires them to make their employees have work-appetite. This notion implies the concept of employee engagement (Noor and Rudzi, 2010).

As referred as the father of employee engagement, Kahn (1990) introduced employee engagement as the way organizations tap the engagement of their employees in terms of physical, cognitive and emotional performances. By the above definition of employee engagement, Khan (1990) was inferring to the existence of both physical and mental presence of employee to fully serve organizational goals.

Czarnowsky (2008) identified three levels of employee engagement. First engaged employees – those who have significant association with their duties and always strive to use their problem solving power/talent for better productivity: Second, Not engaged-employees – where workers who significantly participate in their work and deliver what is required from them but do not show intimacy with their work and put their work forward from personal conveniences. Thirdly, Disengaged-employees – where employees show their discomfort with their duties and are often psychologically absent at their work. This classification helps organizations evaluate the level of engagement of their employees and work towards ensuring the employees engagement required to establish better ground to establish effective utilization of the human resource for organizational achievements.

2.2 Factors Affecting Employee Engagement

There are many factors that influence employee engagement and few of them which are the interest areas of this study are briefly discussed below.

2.2.1 Job characteristics

Kahn (1990) pointed out that it is more likely to be able to engage employees in a task whenever it is accompanied with characteristics that most excite employees. These characteristics include:

- Challenge – workers commit themselves to find out solutions to a challenging task;
- Variety – substantially complicated tasks that require a variety of skills usually attains the commitment of employees;
- Personal discretion – room for making individual decisions on how task is completed also matters most in ensuring employee engagement;
- Opportunity for important contributions – employees are often excited when they know how they can contribute to organizational achievement;

Employees who work on duties with higher rate of existence of characteristics listed above are inclined to be more engaged in their work.

In line with this, Castellano (2015) noted that the five core dimensions of job characteristics produce positive outcome on employee's response. These dimensions are skill variety, task identity, task significance, autonomy and feedback. Most of this dimensions are similar with the one listed by Kahn (1990). According to Castellano (2015), employees who perceived significant existence of those dimensions show high rate of motivation, convenience and presence at work station.

These dimensions/characteristics of job are further explained by Noor and Rudzi (2010) where they found out significant and positive correlation between those variables and employee engagement.

2.2.2 Reward and Recognitions

Employee's engagement can be significantly altered by monetary rewards and recognitions. Employees often expect monetary type of reward) for their achievements or contributions to

organizational success. Hence, rewards can be considered and most influential type of factors that determine the level of employee engagement (Zani, Rahim, Samanol & Ahmad, 2011).

On the other hand, non-cash types of rewards such as public recognition and praise are helpful in retaining employee engagement. At times where employees are well engaged in their works, outstanding performances of employees are often accompanied by morale-raising praises and recognitions from top management or supervisors (Woodruffe, 2006). This non-monetary reward is perceived as well motivating in the minds of employees who contribute largely to the organizational success (Aguinis, Joo, & Gottfredson, 2013).

These are not the one and all factors affecting employee engagement rather identified as key focus areas of this study. Hence, in conclusion it is important to note that the factors that influence employee engagement vary from region to region and from sector to sector and from time to time. It is therefore important that the organizations identify which factors specifically need to be addressed in their specific organizations. There are many factors influencing engagement and they differ from one company to another and therefore, in order for engagement to be successful, it must be tailored to the objectives and culture of each organization.

2.2.3 Organizational Justice

According to Greenberg (1987), organizational justice refers to the perception in the minds of employees about the behaviors, decisions, procedures and actions of companies that they work with and how this influences their work related behaviors. Organizational justice provides descriptive view of understanding about how employees judge the actions of an organization is fair or unbiased and ethical. Therefore, one cannot get objective evidence on organizational justice since it is more likely judged in the minds of individuals about the rightfulness of organizational actions.

Colquitt (2001) further elaborated the organizational justice by providing four dimensions, these are:

- Procedural justice – refers to the fairness and un-biasedness of organizational procedures and their implementation throughout the organization (Cropanzano et al., 2007).

- Distributive justice – concerns with the differentiated distribution or allocation of a certain decision or outcome of action across employees based on the reality where each and every employee is placed in the organization (Pilvinyte, 2013).
- Interactional justice – where employees perceive that the organization interacts with each and every employees in a fairly manner. The required concern, consideration and kindness are reserved in the course of interaction between organization and employees even at the time when individuals might have advert effect because of organizational decisions (Pilvinyte, 2013).
- Informational justice – is related to how organizations provide certain information about decision or actions are taken in a certain way to their employees. Justifying those actions/ decisions to employees in a logical, timely and evidence based way indicates the existence of informational justice in an organization (Cropanzanno et al., 2007).

2.2.4 Leadership

Leadership has the essence of putting confidence and direction in the mind of followers (employees) so as to work to achieve a common goal. According to Ologbo and Saudah (2011) cited on Ram and Prabhakar (2011), having trust on a leader, getting direct or indirect support from a leader and establishing constructive feedback are cornerstones for psychological safety that paves way towards employee engagement.

On the other hand, according to Papalexandris and Galanki (as cited in Pandita and Bedarkar, 2014) there are two factors that are significantly correlated with employee engagement which are, management and mentoring of behaviors. In line with this, Men (2015) noted that relationship between employee and organization, internal reputation and transparent communication are factors that moderate the effect of leadership on employee engagement.

With this understanding, it is imperative to understand how various leadership theories are coined up to define the types, behaviors and styles of leadership. The following are major types of leadership style.

1) Transactional Versus Transformational Leadership

Leaders having transactional style often require something from their followers in return to what they provided. This can be considered in various forms such as performance improvement, new desired work behavior, change of position and responsibilities, etc.... This type of leadership style is focused on supervisory and organizing roles of leadership (Northouse, 2016).

This type of leaders usually employs rewards and penalties to ensure followers' obedience. They pay attention to organizational culture, structure and status-quo. They maintain current working structure of the organization and ensure that efforts are made to attain organizational goals. These leaders are often called passive (Odumeru & Ifeanyi, 2013).

On the other hand, transformational type of leaders works to create excitement among followers in order to achieve extra-ordinary goals. This type of leaders focuses on what is needed to induce the innovative power of individuals to find solutions organizational challenges. New ways of solving challenges is their key steps in empowering their followers. (Odumeru & Ifeanyi, 2013).

Transformational leaders pay attention to develop the leadership capacity of their followers. As Gabbar, Honarmand and Abdelsalam (2014) noted, transformational leaders commit themselves to nurturing the leadership traits in the minds of their followers and make them go beyond the status-quo for the establishment of effective leadership through the organization.

2) Task Orientation vs. Employee Orientation

On the other hand, according to the Blake Mouton Managerial Grid Leadership can be categorized based on orientation as task orientation and employee orientation. This model emerged in 1960s and gave insight in maintaining balance between focus on production and concerns for employees of a given organization (Anzalone, 2017).

With this essence, task orientation focuses on production which is the core concern of an organization. Task oriented leadership works to ensure the accomplishment of tasks within pre-identified quality, time and cost metrics. The extreme case of task oriented management paves way for ignoring the concerns of employees who work towards accomplishment of those tasks. In such cases, employees' involvement and engagement in the task completion are minimal (Larman, 2015).

On the other hand, employee orientation type of the model brings the social behavior of the manager on top. Here, leaders are significantly concerned about their employees. Caring about employees can benefit the manager through long-lasting motivation and commitment for organizational success. However, extreme case of the employee-orientation type of management shows a significant ignorance of work related discipline such as meeting targets, deadlines and quality thresholds (Larman, 2015).

2.2.5 Perceived Organizational Support

Eisenberger first found out the essence of perceived organizational support as the perception of employees regarding the organization concerns about their well-being, needs and recognition to their contributions to the organizational success (Chen, 2012).

Perceived organizational support is based on the “social exchange theory” where organizational supports are expected to have a reciprocal effect on the achievement of organizational goals through well motivated and respected employees. Employees who have perceived that their organization recognizes their values and concerns about their needs are often committed to meeting their obligations and work towards the success of organizational goals (Usmani & Jamal, 2013).

There are research outputs that indicate a positive, significant and direct relationship between perceived organizational support and how knowledge workers react in higher commitment and involvement on their duties (Liang & Zhang, 2015).

2.3 Theoretical Review

Though there are a number of models that describe employee engagement in various angles of views, this study relates employee engagement concept to three theories namely Self-determination theory, Social exchange theory and Job demand model.

2.3.1 Self Determination Theory (SDT)

This theory was first established in 1985 by Edward L and Richard M. The Self Determination Theory defines two forms of motivation, intrinsic and extrinsic. The former one concerns with one’s internal interest to work for self-satisfaction which the later one refers to working for external reasons such as getting rewards or avoiding punishments (external regulation), avoiding

feeling of guilt (introjections), attaining individual objective or a way of expressing self-sense (Macey & Schneider, 2008).

According to Deci and Ryan (2000), the individual objective and self-expression in addition to the intrinsic motivation are taken as autonomous regulation. On the other hand, controlled regulation comprises external regulation together with introjections. The self-determination theory views fulfillment of basic psychological needs as a key factor for autonomous regulation.

Koestner and Losier (1996) noted that self-determination theory helps to understand what could happen if there is no employee engagement in terms of psychological states and behavioral reactions of employees. There are times where employee engagement is lost and employees stand against the rule of laws in a certain organization.

Macey and Schneider (2008) also explained how this theory is used to indicate the level of satisfaction, fulfillment and outcomes of one's behavior. Hence, the SDT can be used to facilitate the measurement of various angles of employee engagement such as traits, states, behaviors. In line with this, Meyer and Gagne (2008) stated that the SDT paves way for substantial clarification of how miscarriage of employee engagement can make a significant and negative consequence on organizational well-being. For instance, unwanted type of employee-organization relationship can be easily developed if employees are challenged beyond their current capacity or commitment.

2.3.2 Social Exchange Theory (SET) – Saks Model

This theory is developed on the basis of Thorndike's (1932, 1935) reinforcement theory and Mill's marginal utility theory (1923). In early times, SET was focused on the rationality of humans and their inclination to fulfillment of self-interest (Blau, 1964; Homans, 1961; Thibaut & Kelley, 1959). The Social Exchange Theory (SET) has a foundational principle which states that overtime individuals can build their trust and loyalty through exchange. Hence, this type of relationship evolves in a series of interdependent interactions between two parties (Kular, Gatenby, Rees, Soane & Truss, 2008).

The social exchange rules stated in this theory focuses on the reciprocity where the action of one creates the reaction from the other. This theory recommended that individuals who feel the

existence of such rules can easily and significantly feel satisfied with the relationship and work to maintain it (Fleming & Asplund, 2007).

Robinson et.al. (2004), as supporters of this theory explained the two-way characteristics of that employee engagement which is based on reciprocity. Therefore, organizations can understand what is needed to make employees well engaged in their work as part of their role to satisfy their individual needs. In relation to this, Schaufeli (2013) stated examples on how employees react as an exchange to their organization such as having competitive pay, personal development opportunities, public praises, etc... As a recent touch to this theory, Saks (2006) demonstrated what would happen if organizations are not able to provide their employees with their resource-related needs in terms of disengagement, discomfort and spiritual absence in their duties.

2.3.3 The Job Demands Resource Model

The Job Demand Resource (JD-R) model was established by Demerouti, Bakker, De Jonge, Janssen and Schaufeli (2001) with the thought that employee engagement stems out of availing resources that are required by individuals. According to the JD-R Model, there are two types of resources:

- Job resources – which include performance feedback from supervisors and social support from colleagues, etc..., and
- Personal resources – those that have significant effect on self-resilience such as optimism, stable attitude, etc....

According to this model, resource can easily motivate employees and encourage them to produce effectively. Schaufeli (2013) articulated the benefits as energy (provide energy to employees), persistence (enhance their dedication) and focus. The model exhibits how a balance can be created in the relationship between availability of personal resources and expected positive outcomes.

The JD-R Model explains how lack of adequate resource for jobs can create personal burnouts and inefficiency which helps organizations understand key areas of resource demand in order to maintain their employees' work alive. Hence, organizations can easily raise their employees' engagement through analyzing the resource demand of the jobs that employees are engaged in.

One should also consider that the model is plausible whenever the jobs promote personal growth, goal achievement and mastery of assignments (Schaufeli, 2013).

2.3.4 William Kahn's theory of employee engagement

Based on in-depth and critical thinking of workplace behavior, Kahn (1990) constructed his theory by which employee engagement is defined as ability to attain “full-self” of employees at work stations. In order to achieve this Kahn (1990) categorized three major psychological enabling conditions:

1. **Meaningfulness:** *dealing with having employees that adequately understand the meaning of whatsoever they are doing to ensure their engagement is so important;*
2. **Safety:** *bringing safety in the minds of employees from adverse consequences whenever they provide their work with their full-self;*
3. **Availability:** *ensuring the ability of employees to present their full-self at work place;*

Kahn (1990) was able to differentiate between employees with hard working culture and employees that are engaged in their work. Engaged employee can easily bring his/ her full-self into work and take responsibility for the consequences of the work under his/ her jurisdiction. This employee understands how his/ her initiative can benefit the overall success of the organization.

Kahn also found out the dynamic nature of engagement which explains how individual experiences of employees at work stations can vary at various moments which gives power to engagement to fluctuate significantly Kahn (19990).

2.4 Empirical Review

A number of empirical investigations have been made so far on the employee engagement. Some of them are briefly presented as follows.

- Lynn and Terumi (2009) studied on how employee engagement is related with internal communication within a certain organization. The study was intended to determine whether or not internal communication has a significant effect on employee engagement. The result indicated that there is significant and direct relationship between factors of

engagement and internal communication. Therefore it recommended that organizations can easily alter employee engagement through improving internal communication.

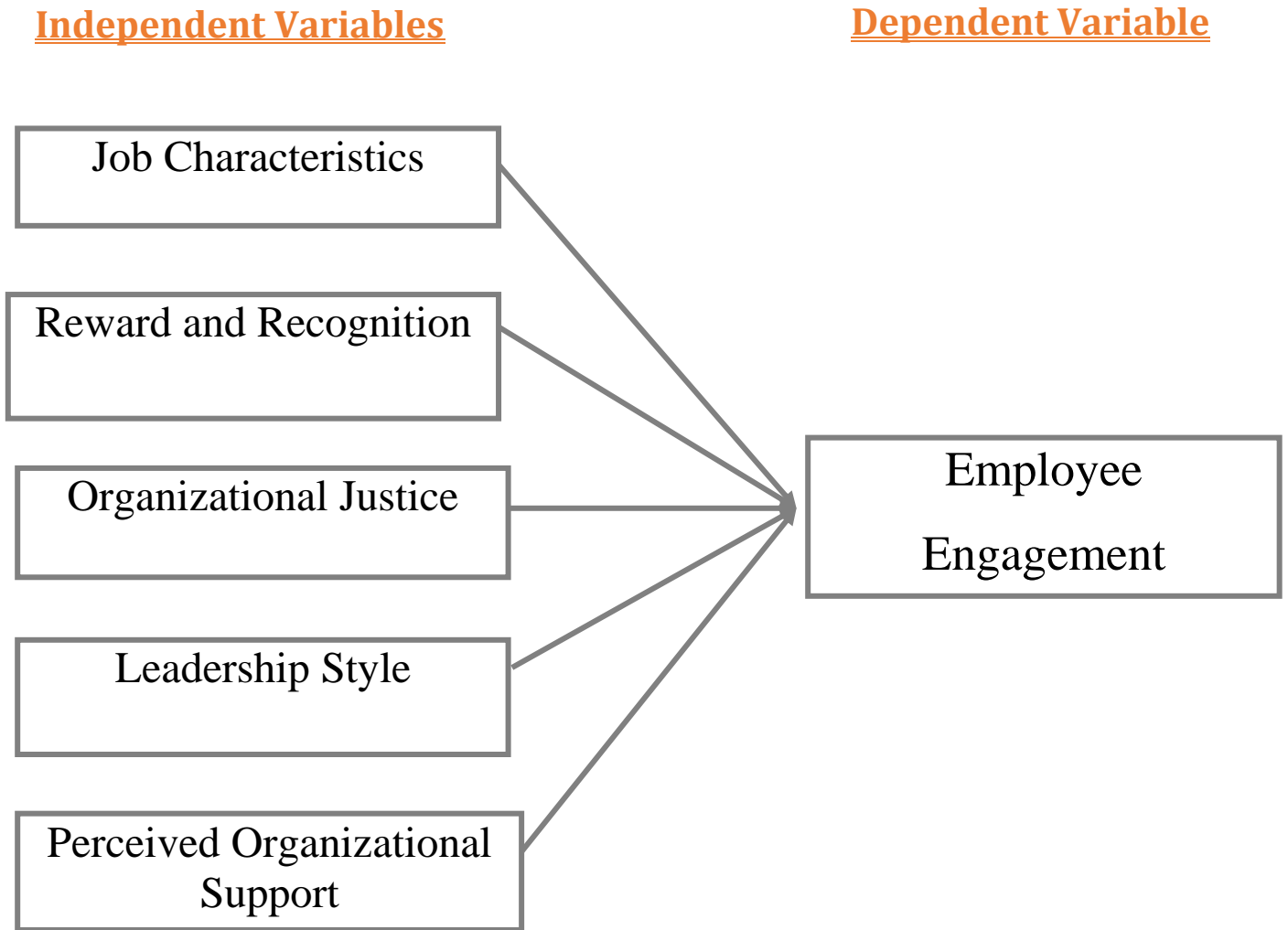
- Solomon and Sandhya (2010) investigated how organizational performance can enhance employee engagement. The study recommended that organizations should work to establish two-way communication and avail opportunities for personal development in order to attain engagement of employees. According to the study result, in order to ensure significant engagement of employees organizations are required to focus on ensuring resources available to individuals at their duty, provide opportunities for personal development, establish constructive feedback system and incentive mechanism to promote best performance and work towards strong corporate culture.
- Similar to this, Farai and Steven (2006) studied on leveraging employee engagement for competitive advantage. The focus area of the study was in the hospitality industry. According to the study, in order to be successful, companies in the hospitality industry need to have a competitive strategy that stems from ensuring employee engagement. The study employed a comparative research and demonstrated that a hotel having strong employee engagement outstrip the other hotel with less engaged employees. As a result, organizations with better engagement of their employees can have opportunity to lead the competitive market in the hotel industry. Therefore, successful and unsuccessful companies can be differentiated by their effort to ensure effective engagement of their workforce. This research also emphasized the existence of other determinants of competitive advantage as equally important as ensuring the existence of employee engagement and also basic factor in affecting the second element.
- Padmakumar and Gantasala (2011) studied the role of employee engagement in stabilizing the work and home life of employees. The study investigated how the basic factors of employee engagement such as perceived organizational support, organizational justice, intrinsic and extrinsic rewards and also recognitions contribute to the existence of employee engagement which in turn is the base for employees' satisfaction and fulfillment. The study emphasized perceived organizational support on social issues of employees that have greater impact on retaining talented employees at their work station well engaged.

- Azka, Tahir, and Syed (2011) investigated transformational leadership, employee engagement and performance. The focus of the study was how transformational leadership and employee engagement play their roles in ensuring improved performance of employees. Transformational leaders, according to the study result, can support employees to identify themselves in relation to their organization and work towards greater performance. On the other side, employee engagement can boost their sense of belongingness and ownership of employees. therefore, the self-identity of employees together with enhanced relationship with their organization, employees can have better opportunity to devote themselves for improved performance and hence success of organizational goals.
- May et al., (2004) found that having clear role and place in the purpose of the organization provides employees with sense of meaningfulness. Besides, their research identified that support from supervisor in a timely and constructive manner and rewarding relationship with co-workers can positively help to make employees feel safer about their jobs. This study also identified the how the presence of higher employee's satisfaction and sense of ownership to their organization induce greater quality of association between the organization and employees. As a concluding remark, the study emphasized that both transformational leadership and employee engagement directly and significantly support the relationship between organization and employees which can be explained in better commitment, enhanced willingness to take responsibilities and retained talent in an organization.

2.5 Conceptual Framework

Based on the conceptualization of employee engagement through identified factors that affect it, this study formulates the conceptual framework as figured below:

Figure 1: Conceptual Framework of the Study



Source: Adapted from Padmakumar and Gantasala (2011)

Chapter Three

3 Research Methodology

3.1 Introduction

This chapter presents details of the research design, approach, source of data, method and tools of data collection, sampling technique, sample size and method of data analysis.

3.2 Research Design

C.R.Kothari (2004) defined research design as “the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”. Accordingly, the research design for this study was descriptive research used to describe the characteristics of the population being studied and cross sectional field survey through which data was collected at one point in a time to analysis the relationship between independent variables (Job characteristics, Reward and Recognition, Organizational Justice, Leadership and Perceived Organizational Support) and the dependent variable (Employee Engagement).

3.3 Research Approach

The research data are usually collected through qualitative and quantitative methods. Qualitative approaches aim to address the ‘how’ and ‘why’ of an issue under concern and tend to use unstructured methods of data collection to fully explore the topic. On the other hand, quantitative approaches address the ‘what’ of the issue under concern using systemic standardized approaches such as a survey. Since it is understood that all types of data gathering techniques have their own limitations, the study employed quantitative method is used. Using this approach to gather and evaluate data will assist to increase the validity and reliability of the study (Arthur, 1999).

3.4 Data Sources

The study used both primary and secondary data sources in order to get adequate data to analyze the subject in depth. The primary data sources include Management of Branches and Professional Employees of Branches and office of Commercial Bank of Ethiopia in North Addis District. The secondary data sources are Human Resource Documents of the Bank, and related documents and studies of the Bank.

3.5 Sampling Technique

As noted by Kothari (2004), sampling techniques is the mechanism of selecting respondents in technical way on the basis of researcher's own issues. Therefore, in order to select branches from Commercial Bank of Ethiopia for this study, ease of access for information is taken as primary factor by which convenient sampling is selected as technical method which is non-probability. As the study focus on selected City branches under North district that includes north district office employee of CBE which is located in Addis Ababa city, it will employ employee stratified sampling technique for its data collection and interpretation and the sample size will be calculated based on number of branches selected for this study. On the other hand, selecting individual respondents from selected branches follows convenient method.

3.6 Sampling Size

The target population of the study is employees of Commercial Bank of Ethiopia (CBE) which currently has four districts (stratum) within Addis Ababa City. Northern Addis Ababa district is conveniently chosen for this study which consisted 72 city branches and office that are further stratified using branch grades as indicated in the table below.

The sample size of this study is determined by using the formula developed by Taro Yamane (1967)

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

Where, n= corrected sample size, N = population size, and e = Margin of error (MoE), e = 0.05 based on the research condition.

$$n = 2149 / (1 + 2149 * 0.0025)$$

$$n = 337$$

Hence, the sample size of this survey equals 337 respondents that are proportionately determined based on the size of employees in each grade category.

Table 1: Size of Population and Sample

S.No	Branch Grade	No of Branches	No of Population	Sample Size
1	Grade 1	14	194	30
2	Grade 2	26	562	88
3	Grade 3	16	480	75
4	Grade 4	10	411	65
5	Special Grade 4	5	429	67
6	North Addis Ababa District Office	1	73	12
	Total	72	2149	337

Source: Employee records in the Human resource management departments of CBE Dec, 31 2019

3.7 Data Collection Instruments

In order to collect accurate and appropriate information, questionnaire consisted of two sections were delivered to the selected respondents. It's from various research outputs of Saks (2006) that the questionnaire of this study was adopted from. Section one contains general information of respondents and sections two contains questions of five determinants of employee engagement. The questions were formed in a five point Likert scales ranging from “strongly disagree” to “strongly agree”, including the answers “neutral” and agree.

3.8 Reliability Tests

It is important to make sure that the measuring instrument, in this case Questionnaire, should be a reliable measuring instrument, which is it should give same measurement when used repeatedly on unchanged subject or event. For this purpose, the researcher will attempt a test-retest reliability check and ensure that the *Pearson r* index value is more than expected (above 0.75) Therefore, Pearson r value is tested on the survey result (Pearson, 1895)

3.9 Data Analysis Methods

Analysis of data is a process of inspecting, cleaning, transforming, and modeling data with the goal of discovering useful information, suggesting conclusions (Prateek & Patil, 2014).

Descriptive statistics, correlation and regression analysis are employed to analyze the data. Statistical Package for Social Sciences (SPSS) IBM version 25 is used to process the data.

Chapter Four

4 Result and Discussion

This section presents results of the survey and analysis based on the results obtained. The survey questionnaires were distributed to 337 respondents and 300 of them were filled and returned with 89.0 percent of the return rate.

4.1 Respondents Demographic Profile

Table 2: Demographic Description of Respondents

Demographic Item	Frequency	Percent	Valid percent	Cumulative percent
Gender				
<i>Male</i>	<i>164</i>	<i>54.7</i>	<i>54.7</i>	<i>54.7</i>
<i>Female</i>	<i>136</i>	<i>45.3</i>	<i>45.3</i>	<i>100.0</i>
Total	<i>300</i>	<i>100.0</i>	<i>100.0</i>	

Demographic Item	Frequency	Percent	Valid percent	Cumulative percent
Age				
<i>18-25Years</i>	<i>32</i>	<i>10.7</i>	<i>10.7</i>	<i>10.7</i>
<i>26-45 Years</i>	<i>263</i>	<i>87.7</i>	<i>87.7</i>	<i>98.3</i>
<i>Above 45 Years</i>	<i>5</i>	<i>1.7</i>	<i>1.7</i>	<i>100</i>
Total				

Demographic Item	Frequency	Percent	Valid percent	Cumulative percent
Education Level				
<i>Below 1st Degree</i>	5	1.7	1.7	1.7
<i>1st Degree</i>	185	61.7	61.7	63.3
<i>2nd Degree</i>	110	36.7	36.7	100.0
Total	300	100.0	100.0	

Work Experience				
<i>Less than 2 Years</i>	21	7.0	7.0	7.0
<i>2-5 Years</i>	136	45.3	45.3	52.3
<i>6-15 Years</i>	131	43.7	43.7	96.0
<i>Above 15Years</i>	12	4.0	4.0	100
Total	300	100.0	100.0	

Demographic Item	Frequency	Percent	Valid percent	Cumulative percent
Job Grade				
Grade 6	20	6.7	6.7	6.7
Grade 9	150	50	50	56.7
Grade 10	47	15.7	15.7	72.4
Grade 11	39	13.0	13.0	85.4
Grade 12	33	11.0	11.0	96.4
Grade above 12	11	3.7	3.7	100
Total	300	100.0	100.0	

Source: Own Computation of Survey Result using SPSS-IBM 25.0

The table above indicates that approximately comparable number of respondents was represented in the survey from each of the sex group (54.7% of male and 45.3% of female) by which one can

conclude that no significant sex-biasness expected from the research. Regarding age structure of respondents, it was mostly concentrated on between 22 and 35 years (which is 75.3%). Hence, the respondents were believed appeared to be the lower and mid adult age at which their organizational relationship matters most in shaping their future work life. The Education level of respondents indicated that more than half (61.7%) of the sample respondents had 1st degree and the other 36.7% attained their 2nd degree. This might imply that the organization gives high value for education of its employees. On top of that, work experience showed that more than half (57%) of the sample respondents had work experience which equals or less than 9 years. Though there are few respondents with more than 25 years of work experience, the overall status confirms that it is enough to realize the concept and practice of the subject matter under investigation (Scherpenzeel & Saris, 1997).

4.2 Reliability Test of the Survey

Cronbach's alpha test is employed in order to check whether or not internal consistency of the survey questionnaire. Cronbach's alpha is tested by checking whether or not each of the observation is correlated and checking the variance of each score. The score of Cronbach's alpha ranges from 0 to 1. 0 indicates no probability of questions measuring similar issue while results closure to 1 indicates that questions are talking about similar concept. As a rule of thumb, Cronbach's alpha score below 0.5 are considered as invalid.

The summary of reliability of the study variables is presented in the following table:

Table 3: Reliability Test Result for Independent Variables

Scale	Cornbrash's alpha	Cornbrash's alpha based on Standardized Items	Number of Items
Job characteristics	.850	.851	7
Rewards	.616	.720	6
Organizational justice	.845	.870	9
Leadership	.843	.843	4

Perceived Organizational Support	.891	.891	5
Employee Engagement	.868	.869	7

Source: Own Computation of Survey Result using SPSS-IBM 25.0

Therefore, as the table above shows, the result of reliability test for all of the independent and dependent variables are pretty higher than the minimum acceptable limit which is 0.5 which indicate that the survey questions under each variable are well constructed to talk about same issues (Scherpenzeel & Saris, 1997).

4.3 Results

4.3.1 Descriptive Statistics Results

This section presents the descriptive statistics results of the survey.

1) Job characteristics

The survey result shows that the respondents generally believe in the existence of factors that indicate better job characteristics that enable them to be engaged in what there are doing at their work station.

	<i>Adequate Job Autonomy</i>	<i>Self-Decision How to Work</i>	<i>Variety of Activities in Job</i>	<i>Job Requiring Variety of Skills</i>	<i>Managers and Co-workers Feedback</i>	<i>Self-informative job about Performance</i>
<i>N-Valid</i>	300	300	300	300	300	300
<i>Missing</i>	0	0	0	0	0	0
<i>Std. Deviation</i>	1.126	1.156	1.179	1.196	1.065	1.080
<i>Mean</i>	3.22	3.14	3.13	3.12	3.18	3.50
<i>Variance</i>	1.267	1.336	1.391	1.430	1.134	1.167

As the table above shows, the mean for all of the detailed indicators under the Job characteristics variable is slightly higher than 3 which is a mid-level (moderate) count. It is also shown that the

variances of those response against the mean are minimal (below 0.5) which indicate that all respondents' replay are close to each other.

2) Reward and Recognition

Here, there are few outliers that affect the overall result of the survey. For example, regarding opportunities for development and training, the variance went beyond 10 which the standard deviation of 3.177 which is above all of the other indicators. Besides, there are indicators where the mean lies below the expected mid-level 3. These are:

- Availability of promotion;

	<i>Pay Raise Available</i>	<i>Promotion Available</i>	<i>Praise from Supervisor</i>	<i>Training and Development Opportunities</i>	<i>Public Recognition Available</i>	<i>Reward or Appreciation</i>
<i>N-Valid</i>	300	300	300	300	300	300
<i>Missing</i>	0	0	0	0	0	0
<i>Std. Deviation</i>	1.241	1.254	1.182	3.177	1.229	1.214
<i>Mean</i>	3.19	2.92	2.70	3.27	2.96	2.51
<i>Variance</i>	1.539	1.572	1.396	10.091	1.510	1.475

- Getting praises or public recognition from supervisors;

3) Organizational justice:

The organizational justice related questions were categorized in to three such as distributive justice, procedural justice and interactional justice. The 9 questions presented to employees are grouped into 3 as sequential to distributive, procedural and interactional justice respectively. Based on this, the survey result indicates that the existence of distributive and procedural justice is slightly lower than that of interactional justice by checking the mean of those indicators below the mid-level of 3. Whereas, the standard deviation tells that the responses are more or less under same margin and hence there is no as such dis-satisfaction on this issue.

	<i>Fair Work Schedule</i>	<i>Fair Work Load</i>	<i>Fair Rewards</i>	<i>Fair Decisions by Supervisor</i>	<i>Concerns Heard before Job Decisions Given</i>	<i>Job Related Decisions Consistently Applied</i>	<i>Treating Employees with Kindness and Consideration</i>	<i>Adequate Justification for Decision</i>	<i>Clear Explanation about Decision</i>
<i>N-Valid</i>	300	300	300	300	300	300	300	300	300
<i>Missing</i>	0	0	0	0	0	0	0	0	0
<i>Std. Deviation</i>	2.151	1.214	1.158	1.174	1.121	1.108	1.198	1.169	1.205
<i>Mean</i>	3.14	2.96	2.85	2.96	2.90	2.98	3.21	3.24	3.06
<i>Variance</i>	4.625	1.474	1.341	1.378	1.257	1.227	1.435	1.367	1.451

4) Leadership

Answers given to all of the four questions presented to the respondents were around the mean as the standard deviation results indicate less than 0.3. Hence, the result shows that respondents are moderate about the existence of leadership traits and characters that lead them to enhanced

	<i>Trusting Senior Leader</i>	<i>Sharing Job related Information with Personnel</i>	<i>Adequate Performance Planning and Feedback</i>	<i>Performance Based Coaching and Mentoring</i>
<i>N-Valid</i>	300	300	300	300
<i>Missing</i>	0	0	0	0
<i>Std.Deviation</i>	1.197	1.218	1.202	1.185
<i>Mean</i>	3.27	3.09	3.01	3.02
<i>Variance</i>	1.434	1.483	1.445	1.404

engagement at duty

5) Perceived Organizational Support

Respondents with opinion of moderate existence of perceived organizational support are the results of the survey as the mean values of the five indicators of perceived organizational support are around the mid-value of 3. Besides, the standard deviation of all of the 5 indicators is less than 0.3.

	<i>Organizational Help for Individual Supportive for Individual Goals and Values</i>	<i>Caring About Individual Well- being</i>	<i>Showing Great Concern for Individuals</i>	<i>Caring About Individual Opinions</i>
<i>N-Valid</i>	300	300	300	300
<i>Missing</i>	0	0	0	0
<i>Std. Deviation</i>	1.295	1.169	1.229	1.221
<i>Mean</i>	3.14	3.18	2.98	2.85
<i>Variance</i>	1.677	1.368	1.511	1.490

6) Employee Engagement

This dependent variable is assessed by the respondents through 7 indicators. The mean values of all of the indicators lie above the mid-level of 3 which shows the existence of employee engagement in the organization. Regarding the standard deviation all of the values are very close to one which indicates that replies are all similar with each other.

	<i>Throw myself into my job.</i>	<i>Time passes quickly.</i>	<i>stay until the job is done</i>	<i>excited when I perform</i>	<i>Organization is very attractive</i>	<i>involved with things happening in this organization</i>	<i>Organization makes me come "alive."</i>
<i>N-Valid</i>	300	300	300	300	300	300	300
<i>Missing</i>	0	0	0	0	0	0	0
<i>Std.Deviatio</i>	1.15	1.204	1.065	1.173	1.126	1.072	1.175
<i>n</i>	3						
<i>Mean</i>	3.71	3.64	3.88	3.74	3.39	3.34	3.28
<i>Variance</i>	1.33	1.449	1.134	1.377	1.269	1.149	1.380

Therefore, the general information taken from the descriptive results of the survey shown that most of the factors taken into account are available within the organization and also the status of employee engagement which is the dependent variable is above the mid-level.

4.3.2 Inferential Statistics Results

4.3.2.1 Correlation Results

Pearson's correlation coefficient (r) is used widely used to understand the type and strength of correlation between variables. As noted by Peter (2014), the Pearson's correlation coefficient (r) ranges from -1.0 to +1.0. As a rule of thumb Pearson coefficient, $p = 0.05$ or 0.01 show strong relationship between variables at 95 and 99 percent of confidence interval respectively. The table below presents the correlation results of the survey.

Table 4: Correlation Coefficients

	Mean_JobChar	Mean_Reward	Mean_Justice	Mean_Leadership	Mean_Percieved Support	Mean_EmpEngage
Mean_JobChar	1	.347**	.531**	.551**	.442**	.466**
Mean_Reward	.347**	1	.480**	.369**	.432**	.292**
Mean_Jutice	.531**	.480**	1	.700**	.601**	.540**
Mean_Leadership	.551**	.369**	.700**	1	.621**	.516**
Mean_Percieved Support	.442**	.432**	.601**	.621**	1	.507**
Mean_Emp Engage	.466**	.292**	.540**	.516**	.507**	1

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

Source: Own Computation of Survey Result using SPSS-IBM 25.0

The result of the study reveals that job characteristics are positively and significantly correlated with Employee Engagement with r-value of 0.466 at the 1 percent significance level. Given 99 percent of confidence, enhancing job characteristics explained in terms of adequate autonomy, room for self-decision on how to work, having variety of activities in the job, job related challenges requiring the use of variety of skills, constructive feedback from managers and caseworkers, and job with self-informative feature about performance are positive and direct factors that can raise engagement of employees.

Unlike what is expected, the survey result showed that rewards and recognition present r-value of **.292** at the 1 percent significance level. Therefore, there is non-significant but positive correlation between rewards and employee engagement.

On the other hand, organizational Justice is positively and significantly correlated with employee engagement with r-value of .540 at the 1 percent significance level. Organizational justice, indicated by distributive, procedural and interactional justice practices is significant and positive factor that can be used to alter the level of engagement of employees. Leadership practices of the organization also have positive and significant correlation with employee engagement with r-value of 0.516 at the 1 percent significance level. Leadership practices that can be explained by trusting senior leader, sharing job related information with personnel, adequate performance planning and feedback, implementing performance based coaching and mentoring is positively and significantly correlated with employee engagement in the organization.

Perceived organizational support being given by the organization has positive and significant correlation with employee engagement with r-value of **0.507** at the 1 percent significance level. The support given by the organization as perceived by employees and explained in terms of caring about individual well-being, showing great concern for individuals, respecting one’s opinions and supporting individual development goals is significantly and positively correlated with engagement of employees.

4.3.2.2 Regression Results

A) Assumption Testing

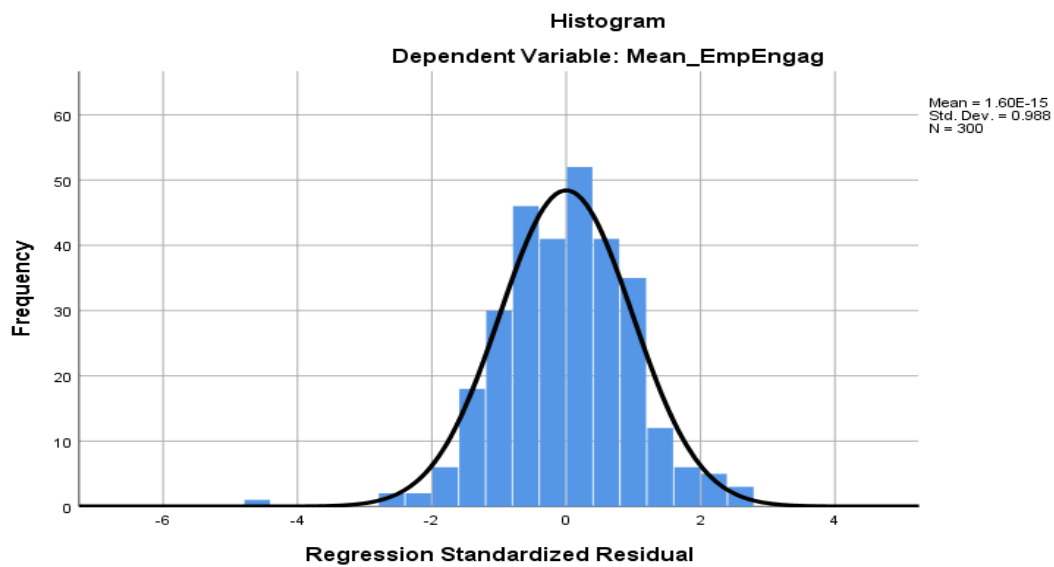
1) Normality:

The Shapiro-Wilk test is used widely used to analyze the normality of data whenever the survey is conducted in less than 2,000 respondents (otherwise, the Kolmogorov-Smirnov test is used) (Zofia and Joanna, 2016). Hence, the Shapiro-Wilk test was run over the survey.

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Mean_EmpEngage	.077	300	.000	.974	300	.000

a. Lilliefors Significance Correction

As the table above shows, employee engagement (presented as Mean_EmpEngag) has a p-value of 0.077. If p-value of the Shapiro-Wilk test lies below 0.5, the survey is conceded as normally distributed. Hence, 0.077 is far below 0.5 which indicates that the data has normal distribution (Zofia and Joanna, 2016). Graphically, it shows a symmetric and bell-like shape of the distribution curve.



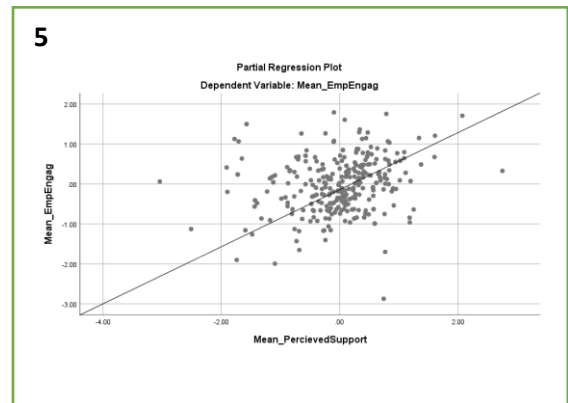
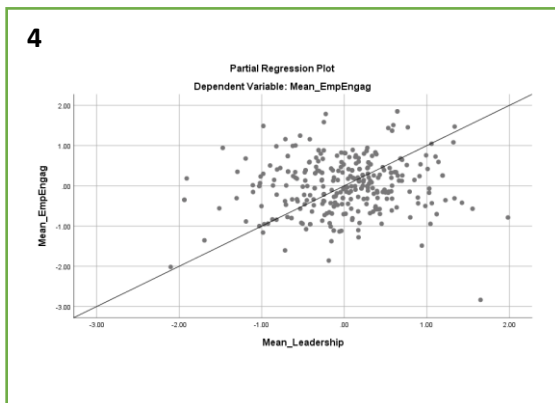
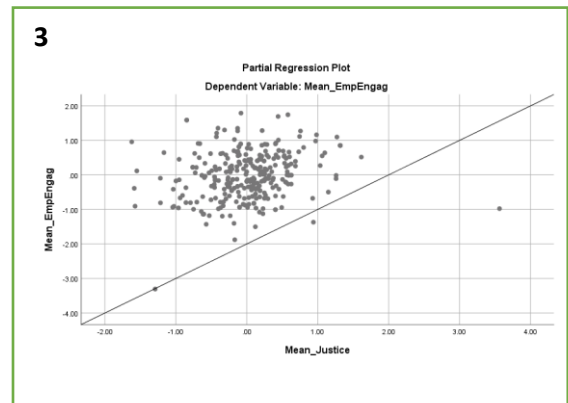
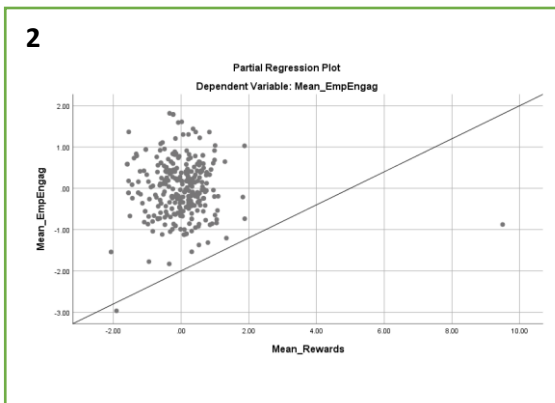
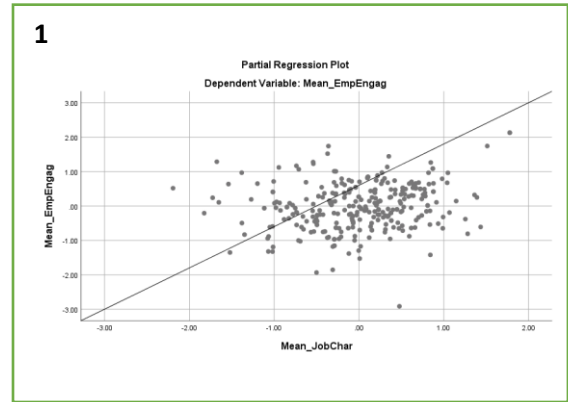
The line graph presented below also shows the similarity between what is expected and what is observed from the model analysis and confirms the normality of the distribution.



2) Heteroscedasticity :

As in the case of this survey, the figure below indicates that they are more like homoscedastic except that of mean_Rewards which explains the mean of indicators of rewards and recognition (James, 2007). There is also heteroscedasticity in organizational justice as it looks shifted rightward from the expected line.

- 1 – Job Characteristics
- 2 – Rewards and Recognition
- 3 – Organizational Justice
- 4 – Leadership
- 5 – Perceived Organizational Support



3) Linearity :

Though most of the independent variables confirmed homoscedasticity, the test of linearity assumption is conducted on the regression (Theordore, 2003).

The figure annexed as 002 present the plots that indicate the patterns of each independent variable with respect to dependent variable. As one can consider the patterns shown in the figure annexed, they have pattern except that of rewards and recognition. Hence, the linearity assumption of the model is kept well.

4) Autocorrelation

In order to check the existence and degree of correlation between the values of variables within observation, Durbin-Watson test is employed (Bradley & Sean, 2006). The result of the test is shown below.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.729 ^b	.532	.502	.62294	1.974

a. Predictors: (Constant), Mean_JobChar, Mean_Rewards, Mean_Justice Mean_Leadership, Mean_Percieved Support

b. Dependent Variable: Mean_EmpEngag

As it is shown above, the Durbin-Watson test result of the model is 1.974 which is very close to 2. Since the Durbin-Watson test result ranges from 0 to 4 and 2 is the middle indicating that there is no correlation between values of variables across observed data, this model can be considered as a model with no autocorrelation.

5) Collinearity

As the table below shows all of the independent variables are not subject to multicollinearity since their VIF (Variance Inflation Factor) values are close to 0 (as it ranges from 0 – no collinearity to 10 – high collinearity) (Jamal, 2017).

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Mean_JobChar	.644	1.553
	Mean_Rewards	.729	1.371
	Mean_Justice	.416	2.402
	Mean_Leadership	.417	2.395
	Mean_PercievedSupport	.535	1.868

a. Dependent Variable: Mean_EmpEngag

B) Regression Result Outputs

A step-wise multiple regression analysis method is employed in this study. This method is chosen to identify less relevant predictors that might decrease the precision of estimated coefficients. Here the first step includes all variables while the second step deals with reduced number of predictors based on their significance of contribution. The step-wise multiple regression analysis result and discussion begins with presenting the model summary of the survey:

Table 5: Model Summary

Model Summary									
Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.182 ^a	.033	.000	.88227	.033	1.009	6	176	.421
2	.729 ^b	.532	.502	.62294	.498	36.407	5	171	.000

a. Predictors: (Constant), Monthly Salary, Gender of the respondents, Education Level, age of respondents, Work Experience, Job Grade

b. Predictors: (Constant), Monthly Salary, Gender of the respondents, Education Level, age of respondents, Work Experience, Job Grade, Job Characteristics, Mean Reward and Recognition, Mean Organizational Justice, Mean Leadership, Mean organizational Support

As stated above the R^2 shows that more than half (53.2%) of the total variance in the dependent variable has been explained by the model which indicates that the model provides relatively adequate information about the subject matter.

The same is true with the results in the coefficients as the following output table presents:

Table 6: Regression coefficients

Predictors	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.372	.669		5.044	.000
Mean_JobCharacterstics	.275	.073	.243	3.753	.000
Mean_Reward	.044	.077	.041	.570	.570
Mean_Justice	.183	.093	.181	1.979	.049
Mean_Leadership	.223	.077	.239	2.915	.004
Mean_orgSupport	.163	.062	.189	2.635	.009

a. Dependent Variable: Mean Employee Engagement

As the regression analysis result shows, beta, the coefficients for each of the independent variables (presented as Mean_JobCharacterstics, Mean_Reward, Mean_Justice, Mean_Leadership, and Mean_orgSupport) are positive. However, regarding the degree all except reward and recognition better explains their positive role at 5% of significance level. As also resulted in the correlation analysis, the reward and recognition variable of the model cannot significantly explain the dependent variable. Here the significance level went beyond half (0.570). All other variables have statistically significant role in explaining the dependent variable which is employee engagement.

Table 7: ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.710	6	.785	17.652	.421 ^b
	Residual	136.997	176	.778		
	Total	141.708	182			
2	Regression	75.350	11	6.850	17.652	.000 ^c
	Residual	66.357	171	.388		
	Total	141.708	182			

a. Dependent Variable: Mean Employee Engagement

b. Predictors: (Constant), Monthly Salary, Gender of the respondent, Education Level, age of respondent, Work Experience, Job Grade

c. Predictors: (Constant), Monthly Salary, Gender of the respondent, Education Level, age of respondent, Work Experience, Job Grade, Job Characteristics, Mean Reward and Recognition, Mean Organizational Justice, Mean Leadership, Mean organizational Support

F-test is used to test the impact of overall explanatory power of the whole model, or the joint effect of all explanatory variables as a group. (i.e. testing the overall performance of the regression coefficients). It measures the statistical significance of the entire regression equation rather than of each individual coefficient as the t-test. The value of F is 17.652 and $p < 0.05$ on the study. This indicates that the overall model was fit and there was statistically significant association between the independent variables and employees' engagement.

4.4 Discussion

1) Influence of Job Characteristics on Employee Engagement

The correlation results of this variable (job characteristics) indicated moderately strong positive correlation with employee engagement where r-value equals 0.466 at 1 percent of significance level. A study conducted by Kangure, Guyo & Romanus (2014) also found out such relationship between job characteristics and employee engagement in

Kenya's State Corporations. Their study confirmed the validity of one of the prominent models of the subject, Job Demand Resource Model (Kangure, Guyo & Romanus, 2014). Similar to this, Bakker, Demerouti, de Boer & Schaufeli, (2007) found out a positive relationship between job resources and work engagement. For instance, Alan (2006) conducted multiple regression analysis on the antecedents of employee engagement and found out that engagement measures explained a significant amount of the variance in job satisfaction ($R^2 = 0.37$, $p < 0.001$).

2) Influence of Rewards and Recognition on Employee Engagement

Here, the correlation analysis results indicated insignificant relationship between rewards and employee engagement with r-value of 0.292 at 1 percent of significance level. On top of this, the regression analysis result of this study identified this factor as excluded one. Though, there are many evidences that indicate a positive relationship between those two variables, Dow (2010) studied the case and identified weaker relationship between base pay and employee engagement. On the other hand, according to a study carried out by Samuel & Maureen (2014), remuneration has high level of contribution to employee engagement whereas workplace recreation showed least effect. Novel (2015) also concluded that extrinsic and intrinsic rewards do have significant influence on job satisfaction which can indicate higher engagement of employees. Hence, the finding of this study produced rewards as insignificant factor for employee engagement, where there are few studies that concluded in same way.

3) Influence of Organizational Justice on Employee Engagement

The other well strong relationship was found between organizational justice and employee engagement. The correlation result of this study identified r-value of .540 correlations at 1 percent of significance level. As discussed in the literature review part of the study, the distributive, procedural and interactive justice components were represented by the mean value and regressed with respect to mean of employee engagement; and the result indicated moderately lower (.183) but positive coefficient (B)

at .049 significance level. In fact, Faruk (2016) analyzed the impact of organizational justice on performance of employees and concluded that procedural and interactional justice do not have significant impact on employee's task performance which can be considered as one of the indicators of existence of employee engagement. On the other hand, Mahmud, Mahbubul, Farzana and Wafie (2015) found out significant impact of distributive and interactional justices on job satisfaction of employees which is another indicator of employee engagement while procedural justice is not supported by their model. Similarly, Abdul and Abdus (2012) analyzed the impact of organizational justice on employee engagement with the specific area of banking sector and concluded that strong correlation between employee engagement and distributive and interactional justice except that of procedural justice.

4) Influence of Leadership on Employee Engagement

This study found out a positive and significant correlation of r-value of **0.516** between leadership and employee engagement while the regression output presented .223 value of coefficient. The regression result also found out a positive and significant influence of leadership on employee engagement.

Similar with this, Abdul, Mohd and Muhammad (2017) concluded that the employee-oriented style of leadership has very significant level of influence on employee engagement.

5) Influence of Perceived Organizational Support on Employee Engagement

The other significant correlation found between perceived organizational support and employee engagement with r-value of 0.507 at the 1 percent significance level. Kailiang and Xinyu (2016) similarly concluded that organizational support significantly affects employee engagement with their two-stage regression (which consists effect of organizational support on organizational identification which affects employee engagement).

Chapter Five

5 Summary of Finding, Conclusion and Recommendations

5.1 Summary of Findings

The information taken from the descriptive results of the survey shown that most of the factors taken into account are available within the organization and also the status of employee engagement which is the dependent variable in CBE is above the mid-level.

In general, the findings of the research confirmed the existence of significant influences of factors of employee engagement in the Commercial Bank of Ethiopia. In line with the Social Exchange Theory (SET), this research proved that variables such as job characteristics, organizational justice, leadership style and perceived organizational support influence the level of employee engagement within the bank. The dependent variable (employee engagement) is better explained by the above four factors as can be seen from the regression analysis result. However, the test for influence of rewards and recognition on employee engagement comes out as insignificant.

5.2 Conclusion

In conclusion, job characteristics, organizational justice, leadership style and perceived organizational support are correlated positively and significantly with employee engagement in Commercial Bank of Ethiopia (CBE). Based on the two-stage regression analysis output, the job characteristics, organizational justice, leadership style and perceived organizational support are found to be significant factors while rewards and recognition are excluded from the model used. And the status of engagement on CBE employees is moderately engaged on this study.

5.3 Recommendations

Based on the findings and conclusions of this research, the following recommendations are pointed out in order to further enhance efforts being made to strengthen employee engagement within the bank.

- The management of the bank should take in to consideration those key areas that it can alter employee engagement through provision of adequate autonomy and challenging assignments that can require discrete decision and problem solving skills of employees to ensure their full-self engagement;
- The bank should pay attention to this relationship in order to enhance their work engagement by taking intervention actions that can make them feel how their organization cares about their social issues and well-being; Greater attention should be paid by the management of the bank to undertake corrective actions in order to enhance motivation of employees at their work stations through improved perception of better understanding of personal issues by the management of the bank;
- The procedural justice component of organizational justice should have attention as in many cases the distributive and interactive components of organizational justice take higher share of influence on employee engagement. Hence, the bank needs to have a revision on how fair the working procedures are across its employees. This factor is considered as the most influential among others employed in this research, according to the regression results.
- Creating balance between employee-oriented and task-oriented leadership style has plausible point since the leadership style is influential factor of employee engagement as the research result indicated. Therefore, the bank should look into leadership development programs that aim to improve the capacity of supervisors and front line managers to enhance the engagement of employees through leadership characters;

5.4 Limitation and Implication for future research

Even though there is a contribution from the study, it has its own limitation and Implication.

1. Financial and time Constraints limit the study only to achieve the academic purpose.
2. The study was descriptive, quantitative method, cross sectional, small sample size and only 5 independent factors to EE.

3. Feature research can be used longitudinal in large scale by considering banking sector in Ethiopia and by including many factors that might help to explain EE.
4. Where the result of the study showed insignificant influence of reward and recognition on employee engagement, further study is required on this issue to identify factors causing such relationship.

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Annex

Annex 001: Questionnaire

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MBA

January, 2020

Addis Ababa, Ethiopia

***Identifying Factors Affecting Employee Engagement: the case of
Commercial Bank of Ethiopia***

Part I Introduction

Dear Respondent,

You are kindly requested to participate on a research study for partial fulfillment of Master Degree in MBA (Financial Service: Banking). This questionnaire is prepared to gather opinion of staffs related to employee engagement. Kindly respond to all the below listed questions after proper reading. Please bear in mind that all your answers are going to be used only for this study purpose and will be kept strictly confidential.

Note

- Please don't write your name
- Please answer all questions with options provided by putting a tick-mark (√) in the appropriate box.

Part II Demography

Instruction: please put a tick mark (✓) in the check box corresponding to the choice that most represents you

1. Gender

Male Female

2. Age _____

3. Educational Level

Diploma Bachelor Degree Master's Degree

Other: Please specify _____

4. Work Experience _____

5. Job Grade _____

6. Monthly Salary

Less than 5,000 5,000-10,000 10,001-15,000 15,001-20,000 above 20,001

Part III Questions

Instruction: Listed below are statements about the practices of employee engagement and few factors contributing to it in your organization. Carefully consider each statement and mark the answer that indicates the extent to which you agree with the statement.

1= strongly disagree, 2= Disagree, 3= neither disagree nor agree, 4= Agree and 5= strongly agree

No.	Statement	1	2	3	4	5
1	There is much autonomy in my job					
2	My job permit me to decide on my way how to go about doing the work					
3	There is much variety in my job					
4	The job require me to do many different things at work, using a variety of my skills and talents					
5	Managers or co-workers let me know how well I am doing on my job.					
6	Doing the job itself provide me with information about my work performance					
7	The actual work itself provide clues about how well I am doing – aside from any “feedback” coworkers or supervisors may provide					
8	A pay raise is available for me					
9	Promotion is available for me					
10	I get Praise from my supervisor					
11	Training and development opportunities 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 (e.g. lunch).					
14	<i>Distributive Justice</i>					
15	My work schedule is fair					

16	I consider my work load to be quite fair					
17	Overall the rewards I receive are quite fair					
18	<i>Procedural Justice</i>					
19	Job decisions are made by my supervisor NOT in a biased manner					
20	My supervisor makes sure that all employee concerns are heard before Job decisions are made					
21	All job-related decisions are applied consistently to all affected employees					
22	<i>Interactional Justice</i>					
23	When decisions are made about my job, the manager treats me with kindness and consideration					
24	The manager offers adequate justification for decisions made about my job					
25	My manager explains very clearly any decisions made about my job					
26	I trust my senior leader					
27	I think that the management shares enough job-related information with the personnel in my organization					
28	There is adequate performance planning and feedback mechanism to manage my performance					
29	My senior leader exercise performance based coaching and mentoring					
30	My organization is supportive of my goals and values.					
31	Help is available from my organization when I have a problem					
32	My organization really cares about my well- being					
33	My organization shows great concern for me					
34	My organization cares about my opinions					

35	I really “throw” myself into my job.					
36	Time passes quickly when I perform my job					
37	I stay until the job is done					
38	I get excited when I perform well on my job					
39	Being a member of this organization is very attractive					
40	One of the most exciting things for me is getting involved with things happening in this organization					
41	Being a member of this organization make me come “alive.”					

Thank you

Annex 002: Linearity Plot Patterns

