

**THE EFFECT OF EMPLOYEE ENGAGEMENT ON  
EMPLOYEE COMMITMENT: THE CASE OF HEINEKEN  
BREWERIES S.C.**

*A Thesis Submitted to Addis Ababa University School of Commerce in  
Partial Fulfillment of Masters of Art in Business Leadership*



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## **Statement of Declaration**

I, Solomon Yeshidinber, declare that the thesis entitled - The Effect of Employee Engagement on Employee Commitment: The Case of Heineken Breweries S.C. is my original work. I have carried out the present study independently with the guidance and support of the research advisor, Worku Mekonnen (PhD). Any other contributors or sources used for the study have been appropriately acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other Institution.

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**Statement of Certification**  
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This is to certify that the project prepared by Solomon Yeshidinber entitled: The Effect of Employee Engagement on Employee Commitment: The Case of Heineken Breweries S.C. and submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Business Leadership complies with the regulation of the University and meets the accepted standards with respect to originality and quality.

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**The Effect of Employee Engagement on Employee Commitment: The Case of Heineken  
Breweries S.C.**

*A Project Submitted to Addis Ababa University School of Commerce in Partial Fulfillment of  
Requirements for the Degree of Master of Arts in Business leadership*

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## **Abstract**

*The main objective of this paper is to analyze the effect of employee Engagement on employee commitment: the case of Heineken Breweries S.C. This study was carried out based data gathered from non-managerial employees who are working at its head office and Kilinto factory which are both located in Addis Ababa. The research approach deployed for the research is quantitative research and Explanatory research design in order to show the causal relationship between employee engagement and employee commitment. The primary data were collected using close ended questionnaires which are adopted from prior literatures. The scope of the research was limited to its head office and Kilinto factory: In the research the major concepts of employee engagement are well articulated in comparison with the three dimensions of employee engagement; affective commitment, continuance commitment, and normative commitment. Employee engagement was measured with 12 standard questions which are adopted from Gallup Work place edit. On the other hand employee commitment was measured using Allen and Meyer standard questionnaires with 6 questions for the each commitment dimensions. All of the data collected from the respondents were analyzed using inferential and descriptive statistics applying a five point Likert scale. The findings of the research suggest employee engagement has a positive causal relationship with affective and normative commitment and negative causal relationship with continuance commitment. It implies that Heineken Breweries needs to increase its engagement level so that employees will be committed and it in turn results in organizational effectiveness and improved performance. It is a reflection that engaged employees can deliver more and companies need to give emphasis for employee engagement and commitment.*

**Key words:** *Employee engagement, affective commitment, continuance commitment, & normative commitment.*

## **CHAPTER ONE: INTRODUCTION**

This chapter deals major issues which include background of the study, statement of the problem, research questions, objectives, scope, limitation, significance, and organization of the study

### **1.1. Background of the Study**

In the contemporary business context whereby the environment is volatile and turbulent organizations are expected to deal with the changing business environment. Organizations should work against the odds to survive and thrive in the competitive business world. Taking into consideration the challenging businesses are facing, researchers are focusing on how to improve Effectiveness of organizations. In order to attain Effectiveness in the long run organizations should focus on their workforce, and they are expected to have employees who are committed and adhere to organizational strategies and long term goals.

In this research work the researcher tried to deal with theories and models in the area of employee engagement so that readers will be familiarized with the concepts and core themes in the topic. The research embarked on both theoretical and practical application of employee engagement exploring both secondary and primary data in taking the case of Heineken Breweries S.C, Ethiopia. Besides, dealing with the theoretical aspects of employee engagement the researcher came up with practical applications that can be cascaded to other multinational companies besides Heineken Breweries S.C, Ethiopia. The findings of the research work are meant to serve both practitioners and theoreticians to establish a firm and contextualized foundation with regard to employee engagement that can be used and applied across the relatively young multinational companies operating in Ethiopia.

In recent years there has been an increasing interest in employees and their work engagement in their organizations. Researchers have come up with findings which suggest that there are employees who are devoted enough to give their best for the success of organizations. On the

other hand, there are also employees who are not engaged enough to offer their best for the - 2 - productivity of companies. According to Paul Turner (2014) an engaged employee achieves beyond the average limit of productivity, and plays a significant part in team effectiveness. The engagement could be at departmental level or at organizational wise. The productivity attained by engaged workforce contributes for organization wise competitiveness and strategic advantage (P. Turner, 2016). Solid research findings are drawn which suggestions that employee engagement plays a significant role in productivity, Effectiveness, and less employee turnover.

According to Junghoon Lee (2012) employee engagement has gained tremendous attention from practitioners due to its significance for various individual and business outcomes which includes individual productivity, sales and revenue growth, reduction of cost of goods sold, financial performance, reduced accident rates in organizations, managerial effectiveness, reduced absenteeism, reduced turnover, reduced malpractice costs, and reductions in quality errors, increment of customer satisfaction, retention, and loyalty. This implies that studying employee engagement has various benefits for organizations which range from improvement of customer experiences to revenue growth as well as cost reduction.

Originally, the term employee engagement was coined as personal engagement by Kahn in 1990. The term was mean to include personal engagement, concerning how employees reasonably used their physical, cognitive, and emotional resources whilst they were at the place of work. His argument was that employees by being authentically involved increased their physical, cognitive, and emotional engagement Paul Turner (2016). However, the argument forwarded by Kahn was not fully accepted by other scholars and practitioners and it led them to fruitful debates on the subject. Despite an increasing understanding both the theoretical and practical dimensions of its attributes, there are multiple interpretations of the meaning of employee engagement; and both its scope and definition remain contested areas.

In order to give shape for the topic scholars have tried to come up with various models of employee engagement that could be generally accepted across the body of knowledge. The major models are Gallup model of employee engagement - creates a measurement and feedback system for employers that would identify elements of employee engagement closely linked to the bottom

line. In this model employee engagement the major focus is on certain items that can contribute for better performance. They believe that there are factors that are antecedents of organizational effectiveness and success. Zinger model of employee engagement – this model provides organizations with 12 keys that a manager must follow to achieve significant result. This model on Employee Engagement considers all important aspects that could affect the involvement, engagement and dedication of employees.

Hewitt model of employee engagement - this model identifies 6 sets of engagement factors, the implementation of which leads to an increase in performance and employee engagement. In this model the six factors are clearly identified and it is assumed that the presence of these six factors will lead to higher performance in organization. X model of employee engagement - this model has five major dimensions; The Engaged, Almost Engaged, Honeymooners, Disillusioned, and the Disengaged: In this model there are five types of employees in an organization. These five dimensions appropriately reflect the nature of employee in an organization. Schmidt model of employee engagement - this model posits that once an organization has the right workforce in terms of specific competencies and knowledge, then they can focus on creating a positive and supportive workplace, which in turn promotes a feeling of workplace well being, which will lead to employee engagement. This model stresses about placing the right types of employees which will have transitivity on the performance and effectiveness of an organization.

Multinational companies mainly started to join the Ethiopian market in the recent decades where the government liberalize its policies for external investors. Due to the shift of policy foreign investors are encouraged to invest in Ethiopia. The main investment sectors are petroleum refining, mineral extraction, real estate, manufacturing and renewable energy, textile, agriculture (mainly horticulture), and service. According to sources foreign direct investments (FDI) in Ethiopia in the year 2019 has reached USD 25 billion, and Ethiopia becomes the largest recipient of foreign direct investment in east Africa in some investment areas. This reflects how Ethiopia is gaining huge amount of foreign direct investment in comparison other east African countries. The inflow of high foreign direct investment means that multinational companies are coming to Ethiopia, which in turn reflects the importance of engaged employees who can contribute their part for the success of these companies. Hence, it is becoming imperative for the academia as

well as the practitioners to study employee engagement as antecedent of employee engagement in the context of multinational companies.

Heineken Breweries S.C. was established on February 1864, and the company first brewery in Africa was in 1923 in DRC. It has acquired Harar and Bedele Breweries in Ethiopia in 2011. In 2015 it has opened one of the biggest breweries in Kilinto. Currently, the company has eight brands in Ethiopia, both alcoholic and non alcoholic brands and it is one of the multinational companies operating in Ethiopia with huge investment.

Hence, in this research the causal relationship of employee engagement and employee commitment was well explored taking into considerations the empirical researches. The presence of employee engagement causes employee commitment which in turn results in sales and revenue growth, reduction of cost of goods sold, financial performance, reduced accident rates in organizations, managerial effectiveness, reduced absenteeism, reduced turnover, reduced malpractice costs, and reductions in quality errors, increment of customer satisfaction, retention, and loyalty.

## **1.2.Statement of the Problem**

This research work aims at assessing the effect of employee engagement on employee commitment in Heineken Breweries S.C. Ethiopia. Current trends in the business world suggest that having engaged employees is the source of competitive advantage. Multinational companies which are operating across national boundaries and with diverse workforce need to have the practice to engage employees in order to compete at the highest level. However, these companies are relatively young in Ethiopia and they are not properly applying employee engagement practices. It is assumed that having engaged employees will contribute to employee commitment. The more engaged employees are working in a company the more committed they will be to perform at higher level. According to as study undertaken by Gallup the U.S. Economy has lost \$450 to \$550 billion in a year due to disengaged employees (Rebecca Jones, 2018). This implies that there is a huge gap in the productivity of firms while they have engaged employees and while they do not have engaged employees. While I have also observed in the Ethiopian context

due to lack of employee engagement there are high turnover and less retention. It implies that there is loss of productivity for not having engaged employees we can deduce that there is negative consequences in our country as well. Hence, it is imperative to study about employee engagement in order to make sure that there will be productivity and effectiveness.

It had been learnt that there are not adequate researches done in the multinational sector, though there are very few researches on the banking sector and nonprofit organizations. Previous studies in the area are limited to banking and NGOs and the multinational sector is not addressed by researchers. Hence, it has a significant importance to do a research in the topic in the context of multinational companies. Multinational companies are increasingly joining the Ethiopian market and researching the effect of employee engagement on employees' commitment will have a huge contribution. If the multinational companies do not have committed employees their productivity will be low and their contribution to the national GDP will be very minimal. In order to avoid lack of productivity a performance among employees it is important to study the topic in detail. Hence, this research work will be a significant addition to the body of knowledge in the circle as well as a practical contribution for multinational companies operating in Ethiopia. The findings of this research will have significant importance for not only to Heineken Breweries S.C. but also for other multinational that are striving to be productive and successful with committed human capital.

Generally, taking into considerations the loss of productivity, lack of adequate researches in the country, and its significance to other multinational companies it is beneficial to study effect of employee engagement on employee commitment.

### **1.3. Research Questions & Hypotheses**

The purpose of this study was to examine the causal relationship, if any, among employee engagement, and the three types of employee commitment; affective commitment, normative commitment, and continuance commitment in Heineken Breweries Ethiopia S.C. The major research question was:

What is the causal relationship, if any, between employee engagement and the three dimensions of employee commitment? The response for the following research questions provided answers to the overarching research question.

RQ1: What is the relationship, if any, between employee engagement and affective commitment?

H1: Employee engagement has a positive and significant effect on affective commitment

RQ2: What is the relationship, if any, between employee engagement and continuance commitment?

H2: Employee engagement has no positive and significant effect on continuance commitment

RQ3: What is the relationship, if any, between employee engagement and normative commitment?

H3: Employee engagement has a positive and significant effect on normative commitment

## **1.4.Objective of the Study**

### **1.4.1. General Objective**

- Analyzing the relationship between employee engagement and employee commitment

### **1.4.2. Specific Objective**

- To assess the level of employee engagement
- To closely examine the level of employee commitment
- To analyze the relationship between employee engagement and affective commitment
- To assess the relationship between employee engagement and continuance commitment
- To analyze the relationship between employee engagement and normative commitment

### **1.5.Scope of the Study**

The scope of the study is employee engagement in Heineken Breweries S.C, Ethiopia, at their head office and Kilinto factory. The data will be collected from representative employees from both offices. The data collection took one month and one week. Both primary and secondary data collected from lower level employees/those who are not in managerial responsibilities. The major focus is causal relationship of employee engagement on employee commitment. The researcher applied standard sampling techniques to determine the right sample size and correlation and regression is applied to study the causal relationship between the two variables. The study was finalized within two months after the final proposal was approved by the advisor.

### **1.6.Limitation of the Study**

The major limitations of the research work were lack adequate researches done in the multinational sector in Ethiopia and there is lack of secondary data that can substantiate the research. Besides, due to Covid- 19 there were respondents who were not willing to fill the questionnaires and it may result is low range of response turnover. Moreover, due to short period of time there might be shortage of time to analyze in detail very aspects of the ideas raised in the data collection tool.

### **1.7.Significance of the Study**

This study explored the important ingredients that make employees get engaged in their work place and organizations fetch the outcomes of the engagement. The more employees are engaged in their work the more productive and ive they will be. Therefore, the study has a two way benefit for the companies as well as the employees. On top of that it will be used for further research work for other researchers. The more research is done on the area the more the benefit it draws not only for multinational companies, but also for the nation at large since companies' productivity and employee high performance will contribute its share for the growth of the economy.

## **1.8.Organization of the Study**

The study is organized into five major chapters, which includes introduction, literature review, research design and methodology, data analyses and presentation, conclusion and recommendation. The first chapter, background of the study discusses the basics of the research work. It introduces the reader about the general concepts related to employee engagement and employee commitment. In this section the overall concepts of the research are well organized in a summary form. In the second chapter, literature review, previous research works which are done in the area are well discussed. It discusses major issues related to employee engagement, and employee commitment.

The third chapter, research design, discusses the overall aspects of the research in terms of methodology, research design, sampling, validity, reliability, as well as ethical considerations while the research is carried out. In the fourth chapter, data analysis and presentation, the findings from the primary data are organized in the form of tables, percentages, graphs and the like and the major findings are briefly narrated and summarized. The conclusion and recommendation section depicts the major conclusions of the research findings, and it also forwards significant recommendations for those companies working in the multinational sector and for future research works as well.

## **CHAPTER TWO: LITERATURE REVIEW**

In this chapter previous studies which are carried out in relation to engagement and commitment discussed in detail. Any relevant secondary data is presented in an organized way. The major issues addressed in this section includes basic concepts related to engagement and commitment, the major models of employee engagement, theories of employee engagement, drivers of employee engagement, the three commitment types, conditions of employee engagement, engagement environment, indicators of engagement, measurement of employee engagement as well conceptual framework of the study and the three hypotheses of the research.

### **2.1. Major Concepts in Employee/Employee commitment**

Meyer, Becker, And Vandenberghe (2004), defined *commitment as a force that binds an individual to a course of action that is of relevance to a particular target. (Meyer & Herscovitch, 2001)*. This implies that there is an energy intertwined with commitment that drives individuals to a target that is pre-established. Employees who are committed enough have the energy and motivation to push themselves towards a motivating goal within the organization.

According to Onur Emre & Stan De Spiegeleare (2019), employee commitment refers to the attachment of the employee to the organization. In major researches it has been agreed that commitment is the strength of the individual's identification with the organization. Meyer and Allen (1991) have tried to come up with three major commitment components. The first one is affective commitment refers to emotional attachment of employees to their organization, in which they identify themselves with the organization. The second component is normative commitment is the feeling of an employee to be obliged to work for the company for indefinite period of time. Employees who are in this type of commitment are determined to be loyal to the company. The third component, continuance commitment refers to the condition in which employees are afraid of the consequences of leaving the organization and the cost associated with their exit.

Molefe Maleka, Mthokozisi Mpfu, Clifford Kendrick Hlatywayo, Ines Meyer, Stuart Carr & Jane Parker (2019) also discuss the three components of employee commitment. They have defined affective commitment as an emotional tie between employee and organization, continuance commitment as loyalty to organization, and normative as a moral obligation to organization. Researchers agree that the three commitment components can happen simultaneously or separately to an employee, and due to this an employee will stay in the organization, whether from the positive or negative driving force. Neil M. Boyd & Branda Nowell (2020) quotes Mowday, Steers, and Porter 1979 and define affective commitment as the relative strength of an individual's identification with and involvement in a particular organization. In their research they have stated that affective commitment has received the greatest scrutiny both theoretically and empirically than the other two components of commitment since its measurement is on feelings of emotional attachment to, identification with, and involvement in the organization. Though affective commitment is scrutinized for its measurement Lalatendu Kesari Jena, Pratishtha Bhattacharyya, and Sajeet Pradhan (2017) argue that it has been considered as the strongest and most consistent antecedent of organizationally desired outcomes. This has led researchers to carry out most empirical researches on affective commitment.

Hence, from the above arguments which have been forwarded by researchers over the period of time we can deduce that employee commitment can be a result of both positive and negative forces. Some employees commit themselves to an organization being influenced positively; where as other employees commit themselves fearing of the unknown that could be resulted from leaving an organization. The presence of both positive and negative forces simultaneously creates more magnitude for employee to be committed for their employers. For instance, an employee who fears the consequence of leaving his/her employer and identifies himself/herself with the organization will be more committed than an employee who fears the consequence of identifies him/herself. Therefore, the interplay among the three commitment components has increased the chance of employee commitment to organizations.

## **2.1. Theories of Employee Commitment**

There three major theories which enlighten readers about the concept, which are social exchange theory, leader-member exchange theory, and social identity theory. In the following section the three theories are discussed in detail.

### **2.1.1. Social Exchange Theory**

According to Wilson Mugize (2015) social exchange theory is meant to find out the factors that are influencing social behavior. The researchers use social behavior to indicate the psychological exchange that forces individuals to do something in exchange of something. In their findings, social behavior is an exchange of both material good and non material ones. The foundational concept in this theory is that an individual who gives a lot expects to get a lot in return, and an individual who has received a lot tends to give the same in return. The social interaction creates a mutual bond among the actors. In the case if organizations also the more the company offers the more the employees commit themselves for the company. While employees observe HRM practice that satisfies their needs they start to think that the organization shows its commitment to them. Hence, this will make them being committed to the organization. For instance, if the organization offers flexible office hours for employees it creates an understanding among the employees that the organization is going some extra miles to benefit the employees. While the employees observe this action they will show their reaction through committing themselves in order to increase the performance of the organization.

### **2.1.2. Leader-Member Exchange Theory**

Wilson Mugize (2015) states that leader-member exchange theory is an exchange in which the leader and the subordinate develop common understanding that will be built over time. While the leader develops the subordinates responsibilities with the involvement of the subordinate exchange will be built making the subordinate feels obliged to extra perform for the sake of the leader's willingness to let him/her participate in the process. In the process the leader applies influence without authority instead of influence based on primarily upon authority. In this theory

*high exchange relationships characterize high level of trust, liking and respect (employer-employee relationships) and involve expectations of mutual exchange.* This reflects that the exchange that exists between the leader and the subordinates can be the basis for employee commitment. The more involved the subordinates are the more committed he/she will be in response to the trust of the leader.

### **2.1.3. Social Identity Theory**

Wilson Mugize (2015) has cited Boros (2008) to explain that the social identity theory is the basis for intergroup discrimination. Individuals prefer to be part of some group; which might be in terms of gender, religion, social construct and other categorization. In this case, the individuals define their groups according to their perception, and others also perceive them from their perspective. Employees who identify themselves in the some group tend to exhibit their own way of committing themselves towards the organization they are working in. For instance, employees who believe that they belong to a group of employees who are over performing and being recognized by the company will tend to be more committed for the success of the organization. This is due to the fact that they perceive they are the ones who are contributing for the success of the firm and they perceive that have got credit for their contributions.

## **2.2. Concept of Employee Engagement**

The term employee engagement does not have an agreed universal definition that academicians and practitioners are agree upon; instead it has various definitions, which have relative similarity. According to researches it has more than 50 definitions, but most scholars agree on the basics of the concept. According to William H. Macey et al, 2008, *The Meaning of Employee Engagement*, 3, employee engagement is a relatively new concept, one that has been heavily marketed by human resource (HR) consulting firms. Currently, academic researchers are being interested in the subject. However, both parties are saddled with competing and inconsistent interpretations of the meaning of the construct. They have further argued that researchers have established an evidenced and well grounded relationship between engagement and profitability through higher productivity, sales, customer satisfaction, and employee retention. There are

practitioners who believe that engagement has evolved from prior research on work attitudes, directly implying that this newer concept adds interpretive value that extends beyond the boundaries of those traditions. The authors also highlighted that meaning of employee engagement becomes unclear due to the fact that the concept has quickly evolved 'bottom top' within the practitioner community.

Sonia discusses that while employees are engaged they exert their energy in order to improve the performance of the organization. Though scholars agree about the benefit of employee engagement only few researches are done on global leaders who have huge responsibilities to create and develop culture of employee engagement as an important strategy for competitive advantage of organizations. Therefore, focusing on leaders who are in charge of multinational companies and employee engagement is an important aspect of researchers in the field. Sonia further states that *'Engagement is above and beyond simple satisfaction with the employment arrangement or basic loyalty to the employer—characteristics that most companies have measured for many years. Engagement, in contrast, is about passion and commitment- the willingness to invest oneself and expend one's discretionary effort to help the employer succeed'*.

Kibum et al stated that Kahn (1990) coined the term personal engagement to capture a psychological state in which employees use their ultimate through applying physical, cognitive, and emotional energies into their work. Kahn further argues that the energies invested by the employees results in an improved result. On the other hand, Schaufeli, Salanova, González-Romá, and Bakker (2002) second the idea of Kahn and they emphasize about work place engagement. In work place engagement employees bring vigor, dedication, and absorption in order to realize a positive work related commitment. Generally, employee engagement is an overarching idea which "comprises physical, cognitive, and emotional energies and manifested as a state of devoting all the energies towards work to make a difference (Mackay, Allen, & Landis, 2017)".

According to Zinta (page 1), *employee engagement is a motivational state that, thus far, has been associated with a number of positive and desirable consequences for organizations. It is*

*about investing oneself, being authentic in the job, and delivering one's work performance with passion, persistence, and energy. It has become a widely discussed topic in both popular and academic press, with practice outpacing the research necessary to validate the hundreds of solutions offered as "the answer" to the disengagement dilemma.*

### **2.3. Theories of employee engagement**

As a young discipline which is getting acceptance from academicians and practitioners there are theories which have developed through time. Scholars mainly come up with three or four theories which have got the acceptance of those who are in the circle. Brad Shuck reviewed different literatures and discussed four major theories which are Kahn's (1990) Need-Satisfying Approach, Maslach et al.'s (2001) Burnout-Antithesis Approach, Harter et al.'s (2002) Satisfaction-Engagement Approach, and Saks's (2006) Multidimensional Approach.

Kahn (1990) is the first theory which is a pioneer work in the area. Engagement theory came to the world of scholars by Kahn. According to Kahn the term *engagement* was used specifically to describe a worker's involvement in various tasks at work, and this was originally published in his article the "Psychological Conditions of Personal Engagement and Disengagement at Work" which appeared in a 1990 edition of the *Academy of Management Journal*. In his research Kahn interviewed employees, summer camp counselors and financial professionals to find out their interactions with work variables (i.e., manager satisfaction, role clarity, availability of resources) influenced their experience and involvement with work tasks with the ultimate, ultimately influencing preeminent thoughts about what would be known in the popular press as employee engagement.

Maslach et al.'s (2001) Burnout-Antithesis Approach – in this approach, Maslach et al. (2001) conceptualized employee engagement as the positive antithesis to burnout, defining engagement as "a persistent positive affective state which is characterized by high levels of activation and pleasure" (p. 417). During that period the while scholars discuss about burnout they were mainly focusing on two characteristics, which are burnout was closely related with professions where employees were responsible for interacting with people in stressful situations (i.e., health care,

customer relations) and it was understood as the antithesis to job engagement (Maslach et al., 2001). In line with this the field of psychology engaged in finding cures for disease (i.e., depression, psychosocial personality disorders; Seligman, 2002). On the other hand, researchers in the burnout literature inclined to think that well-being is a function of engagement and a strategy for optimizing human strength. The major theme of their research work assumes that burnout negatively affects engagement. If employees has burnout issues this implies that they are not engaged any more, and it leads that important, meaningful, and challenging work became unpleasant, unfulfilling, and meaningless. They have finally argued that engagement is the opposite of the three burnout dimensions: exhaustion, cynicism, and ineffectiveness.

Harter et al.'s (2002) Satisfaction-Engagement Approach – the third perspective the researchers have tried to build up on the psychological framework of engagement from the second theory and Harter et al. (2002) used a massive deposit of data held at the Gallup Organization to conduct meta-analytic procedures on employee engagement within multiple fields of industry. In Gallup research employee engagement is defined in terms of individual involvement satisfaction for an enthusiasm to work. In this survey, a well recognized and proprietary 12-item questionnaire (Buckingham & Coffman, 1999) are organized in which the findings of the research suggested employee engagement had a positive relationship to important business outcomes such as customer satisfaction turnover, safety, productivity and profitability.

Saks's (2006) Multidimensional Approach—the final approach to employee engagement considers employee engagement as a multidimensional construct. Saks (2006) hypothesized employee engagement developed through a social exchange model and was the first academic researcher to suggest separate states of engagement: job engagement and organizational engagement. In his understanding, Saks defined the emerging multidimensional concept of employee engagement as “a distinct and unique construct consisting of cognitive, emotional, and behavioral components associated with individual role performance” (p. 602). While he defined employee engagement in this was he believed that his definition was inclusive of previous literature in which employee engagement was developed from cognitive (Kahn, 1990; Maslach et al., 2001; Maslow, 1970), emotional (Harter et al., 2002; Kahn, 1990), and behavioral

elements (Harter et al., 2002; Kahn, 1990; Maslach et al., 2001) and extended current thinking on the topic by developing a three-component model.

Besides, the above categorization of theories of employee engagement Alan M. Saks, Jamie A. Gruman has tried to compress the above four theories into three theories. The first two theories map with the theories suggested by the other scholars. However, the last two theories are merged into one theory which called Job Demands–Resources (JD-R) model (Bakker & Demerouti, 2007). In this categorization of employee engagement it has been pointed out that Job Demands–Resources (JD-R) model (Bakker & Demerouti, 2007) has its basis in the burnout literature. In the very beginning, Demerouti, Bakker, Nachreiner, and Schaufeli (2001) first referred to it as the JD-R model of burnout. The researchers have argued that burnout can develop through two processes, in which burnout is the result of high job demands, which leads to exhaustion and a lack of job resources leads to withdrawal behavior or disengagement from work.

The two overarching divisions in this model are job demands and job resources. The job demand section refers to physical, psychological, social or organizational features of a job which demands physical, mental, and/or psychological engaged from an employee. The demands form a job includes work overload, job insecurity, role ambiguity, time pressure, role conflict. On the other hand job resources refers to physical, psychological, social, or organizational features of a job that help achieve work goals; reduce job demands; and stimulate personal growth, learning, and development.

*Job resources can come from the organization (e.g., pay, career opportunities, job security), interpersonal and social relations (supervisor and coworker support, team climate), the organization of work (e.g., role clarity, participation in decision making), and from the task itself (e.g., skill variety, task identity, task significance, autonomy, performance feedback) (Bakker & Demerouti, 2007).*

The basic assumption in this model is that job resources and job demands operate through a number of processes to influence engagement and burnout. In the beginning motivational

process is activated through job resources which results in higher levels of engagement (Bakker & Demerouti, 2007; Crawford et al., 2010). The roles of job resources is both intrinsic (satisfy and facilitate basic psychological needs such as growth, learning, and development) and extrinsic (they are instrumental for achieving work related goals) motivation. On top of that job resources have significant importance in helping individuals cope with job demands.

Generally, despite different perspective are forwarded by each approach it has been clear to all that the presence of employee engagement in any organization has a positive impact on their productivity as well as development of employees in various aspects of their lives (cognitive, emotional, and behavioral). During this period of economic challenges across the world it is imperative for global leaders who are working in multinational companies to give emphasize for employee engagement in order to be more competitive than their competitors.

#### **2.4. Importance of employee engagement**

Employee engagement is beneficial both to the employer and employee. It is not a one sided benefit for the employer and employee only. Both parties reap its benefits. Liliana Rodrigues da Costa et al argues that employee engagement brings happiness, wellbeing, employee experience, recognition and ownership to employees. On the other hand, the employers retain op talent, draw financial benefits, own analytical employees, competent workforce (Liliana, 6). Sonia argues that “Leaders of organizations involved in global operations need to include employee engagement in their overall business strategy because what differentiates one organization from another is their employees.”

An engaged workforce form an emotional connect with the organization and it helps organizations g the extra mile to achieve individual and company success. If employees are engaged they are in a position to give their maximum effort for the benefit of the organization. Besides, an engaged workforce always strives for the best and it has room for creativity and innovation. There are new ideas while workforces are engaged enough in the company. on top of that engaged workforce attract customers and other top talent employees. For instance, if a customer comes to a company with engaged employees the service quality will be of high

standard. The higher standard service will attract the customers to work with the company in the future. Additionally, engaged employees represent the company wherever they are. For instance, while they are out of their office and meet others for personal case they will be in a position to inform about their companies' services or products as they identify themselves with the company. Engaged workforce also bring positivity, energy, belongingness and other positively enforcing ideas to the company.

## **2.5. Review of Employee Engagement Models**

There are quite many employee engagement models which have been researched over the last couple of years. They all have tried to enlighten readers and researchers about employee engagement and they have their own measurement models. In this research work seven of them, which are believed to have a significant importance for the research work, are discussed in detail. In the following section these models are discussed using various secondary data.

### **2.5.1. Gallup model of employee engagement**

One of the best known employee engagement models is Gallup employee engagement. It has a wide spread acceptance all over the world. In Gallup employee engagement model measurement and feedback system are created for employers that would identify elements of employee engagement closely linked to the bottom line, such as retention, customer loyalty, profitability, productivity and safety. Having going through large scale and extensive research including hundreds of focus groups and thousands of interviews with employees in a variety of industries Gallup came up with the Q12, a 12-question survey that identifies strong feelings of employee engagement. It has been witnessed across industries that results from the survey appear to show a strong correlation between high scores and superior job performance. In this model three types of employees are identified at work place, which are engaged, not engage, and actively disengaged. Chang-Wook Jeung states that Gallup has developed and validated questionnaires which can measure employee engagement in organizations and they are termed as Gallup Workplace Audit (Gallup Organization, 1993–1998). So far, it has been agreed upon that this survey questionnaires are one of the most trusted measurement techniques especially in the consulting

industry. Taking large number of samples in a multinational context the reliability and validity of the twelve questionnaires are being examined and confirmed. In this model it is believed that employee engagement can be materialized if these four prerequisites are fulfilled; clarity of expectation and resources being provided, feelings of contributing to one's organization, a sense of belonging to something beyond oneself, and feelings that there are chances to progress and grow(Harter et al., 2002, 2003).

### **2.5.2. Zinger model of employee engagement**

This model of engagement comes up with 12 significantly important issues that managers should apply in order to achieve results which are superior to the performances of employees who are not engaged enough. He believes that the 12 issues are indispensable to bring involvement, engagement and dedication of employees. These significant issues that are meant to help realize companies achieve superior results are achieve results, craft strategies, enliven roles, excel at work, get connected, be authentic, live recognition, fully engage, identify with organization, serve customers, develop personnel, and attain happiness. Zinger's model; has come up with specifically identified issues that are believed to contribute for higher productivity. The presence of these factors are researched and found out to be contributory factors as per their findings. For instance, crafting strategy is one of the contributory factors which is believed to ignite better performance. If the strategy of the company is cost minimization and this strategy is well prepared and communicated to employees they will work towards the realization of this strategy. Hence, this can be a stepping stone for improved results.

### **2.5.3. Hewitt model of employee engagement**

Hewitt model of employee engagement identifies six engagement factors which are believed to be the basis for better performance and engaged employees. The factors which are meant to increase performance and engagement are company practices, the basics, the work, performance, leadership and brand, and individual engagement factors. In this strategy the contributory factors for engagement are limited to six issues. For instance, the brand of the company is the motivational factor for better performance. If we take the case of Heineken Breweries S.C,

Ethiopia which has a reputable brand across Europe and America could attract top talents who can be engaged enough to give their share. Besides that they could be proud being associated with this brand. Hence, the brand can serve as a driving force for engagement, which in turn will lead to higher performance.

### **2.5.6. X model of employee engagement**

X model of employee engagement has divided engagement areas into five categories. Each category explains the status of engagement explicitly. The first category is engaged, which is characterized by high contribution and high satisfaction. The second category, almost engaged is medium to high contribution and satisfaction. The third category, honeymooners are those employees who are characterized by their medium to high satisfaction but low contribution. The fourth and fifth categories, disillusioned and The Disengaged are those employees who bring medium to high contribution but low satisfaction, and low to medium contribution and satisfaction respectively. Unlike Gallup engagement model which has categorized employee engagement into three areas, X model has the privilege of dividing into five categories. In this model they have tried to make sure that there will not be any overlap among the categories, each of them reflects a distinctive classification.

### **2.5.7. Blessing White – Employee Engagement**

According to Blessing White, “the most successful organizations make engagement an ongoing priority, not a once-a-year event. They take a multi-faceted approach to address problem areas and improve engagement scores organization wide.” In this model the best practices include;

- Maximize managers – managers are the ones who are facilitating the engagement process. Hence, they should be considered as the frontrunners in engagement endeavors.
- Align, align, align – in order to have a meaningful engagement organization should be in a position to clearly put their strategies and relevant organizational goals.
- Redefine career – while managers are working on engagement there must be a clear career path which sheds light on the future of employees.

- Pay attention to culture – especially in multinational companies where there is high diversity paying due attention to cultural elements is an indispensable responsibility so that employee engagement will be materialized.
- Survey less, act more – there is a tendency of more surveys than practically working on it as employee engagement is relatively a new concept. However, Blessing White argues for more action than surveys in order to drive business strategy that leads to productivity.

### **2.5.8. Schmidt model of employee engagement**

In this model the starting point is making sure that companies have the right workforce which is mainly equipped with specific competencies and knowledge. Once these prerequisites are fulfilled they believe that the workforce will be devoted enough and supportive working environment will be created. The prevalence of positive environment will lead to a feeling of workplace well being, which is the driving force for employee engagement. This model focuses on having the right employees from the very beginning. Once the right employees, in terms of competences and knowledge, join the company there is a high probability that they will be engaged. On top of that it creates a welcoming working environment that will create bond and team work.

## **2.6. Engagement Drivers**

Having discussed about engagement, theories of employee engagement, models of engagement, and its significant to organizations and employees our next step will be pointing out the drivers which are behind engagement behaviors. “If engagement is desirable in organizational contexts, practitioners in particular, will want to know which levers to pull and which buttons to press in order to manage and develop engagement” (Simon L. Albrecht). Fleck & Inceoglu outlines that drivers provide “the keys to taking action to increase engagement and performance”. Simon further argues that there is increasing evidence about the positive relationship of employee engagement various organizational outcomes which includes employee commitment, in –role and extra-role behavior, and service climate, employee efficiency, customer loyalty. Further to

this, recent researches has revealed that even daily engagement levels are positively linked with daily financial gains for employees who are working in fast-food restaurants.

Sonia Taneja, on the other hand states that “establishing engagement of employees at the global level is a high priority for many organizations. It is a concept that interjects flexibility, change and continuous improvement in the organization processes in the twenty-first century workplace”. Hay Group (2013) research shows how leading firms are using employee engagement to effectively drive performance cost, “With high levels of engagement, firms can see revenue growth 2.5 times that of their peers and a 40 per cent reduction in expensive staff turnover”. Therefore, it has huge significance to explicitly understand these drivers of employee engagement. Employee Engagement-Maximizing Organizational Performance (2009) argues that top global engagement drivers includes promotion of involvement in the organization, focus on customers, democratize the workforce, support work – life balance, and reward employees.

Sapna Popli & Irfan A. Rizvi, quoted Saks (2006) “while identifying employee engagement as a multidimensional construct specified perceived supervisor support, rewards and recognition, procedural justice, distributive justice and perceived organizational support as the predictors of employee engagement”. They further quoted Bakker and Demerouti (2008) in which the model includes job resources (e.g., autonomy and performance feedback) and personal resources (e.g., self-efficacy and optimism) as antecedents of work engagement, which lead to performance.

Zhang (2010) has pointed out eight commonly cited positive predictors of employee engagement which includes, “expansive communication, trust and integrity, rich and involving job, effective and supportive direct supervisors, career advancement opportunities, contribution to organizational success, pride in the organization and supportive colleagues/team members”. On top of that many researchers found out that management practices, immediate supervisor, career development opportunities, recognition, teamwork and supportive environment, pay rewards and benefits as drivers of engagement (Aon Hewitt, 2014; Branham & Hirschfield, 2010; Gallup). Jack W. Wiley discusses that drivers of employee engagement includes having confidence on the leaders of organization, respect and recognition for employees by senior managers, exciting and

inspiring job, and organizations give values to employees and the communities in which they operate.

## **2.7. Indicators of Employee Engagement**

While employees are engaged in their organizations there must be some indicators which reflect the engagement. Leaders of the organizations and the employee themselves need to have indicators that clearly exemplify the presence of these engagement behaviors and practices. According to Sapna Popli & Irfan A. Rizvi indicators of engagement includes lower absenteeism, lower turnover (in high-turnover organizations), lower turnover (in low-turnover organizations), less shrinkage, fewer safety incidents, fewer patient safety incidents, fewer quality incidents (defects), higher customer metrics, higher productivity, and higher profitability.

## **2.8. Engagement Environment**

In order to create engagement it is imperative to have drivers that would make it happen. However, the drivers alone do not bring the engagement companies are aspiring. Instead, there must be an engagement environment besides the engagement factors. Dr. Sasmita Choudhury & Dr. Manoj Kumar Mohanty have argued that the drivers need an environment which is conducive to create engagement level of employees. They further outlined that in the context of manufacturing companies the desired environmental factors required are clear organizational policy well communicated to and understood by to each employee, communication procedure which is strong and genuine, equal opportunity for everybody, compensation based on merit, a culture which values present and retired employees, sense of belongingness and balanced work-life approach. On top of the common environment factors required for creating engagement, safe and healthy working condition, proven process of manufacturing, collaboration with technology, leaders for manufacturing specific products as contributors to engagement are equally important engagement environment factors. The major reason behind this could be that employees want to take credit for creating world class products with proven process which will create their global presence and will be in the focus of customers.

## **2.9. Engagement Facilitators**

According to Dr. Sasmita Choudhury & Dr. Manoj Kumar Mohanty engagement drivers and environment creates the pool of energy and a platform for employees to perform. To provide them a meaningful direction and to sustain their energy level, proper facilitators are required. Practically our working stake holders can have effect on engagement. This study found that the top management, line managers, groups, human resource department, suppliers, customer, trade unions and engaged employees can work as engagement facilitators. They have mentioned that the major facilitators of employee engagement are immediate supervisors and managers, human resource department and senior leadership or top management.

## **2.10. Relationship between employee engagement and employee commitment**

### **A. Theoretical approach**

Ali Abbaas Albdour and Ikhlas I. Altarawneh (2014) has discussed that there is a strong evidence that suggests the inter linkage of employee engagement and employee commitment. The positive relationship between the two constructs has led to high organizational performance and profit-making. They have quoted previous researches done by Chalofsky & Krishna, 2009 to explicitly affirm the relationship that exists. They further argued that researches suggest strong relationship between employee engagement and affective commitment. In recent years, very few researchers are done on the relationship of employee engagement and the other two engagement components. There is also evidence which shows while the level of employee engagement is increased there will be high performance, satisfaction, improves attendance and exposes a greater execution of innovation and motivation. Not only that, but also increment in engagement will also contribute to learning and motivation as well as committing time and energy by employees.

The other major issues discussed by Ali Abbaas Albdour and Ikhlas I. Altarawneh (2014 in relation to the employee engagement and the three components of employee commitment is that *‘ an improved engagement level leads to a lesser awareness of the cost of leaving the company, which creates a negative relationship between continuance commitment and employee engagement. In contrast, the employee who has a positive state of mindset is likely to reflect*

*positive attitudes towards the job, and exhibit greater affective and normative commitment. Hence, it is estimated that employee engagement has a positive association with affective and normative commitment and negative association with continuance commitment (Allen & Meyer, 1990).* We can deduce from this argument that while highly engaged employees will be more committed to their organization. The commitment could be positively linked in the case of affective and normative commitment or negatively related in the case of continuance commitment.

Molefe Maleka, Mthokozisi Mpofu, Clifford Kendrick Hlatywayo, Ines Meyer, Stuart Carr & Jane Parker (2019) defined employee engagement by vigor, dedication, and absorption, whereby vigor is about energized employees, dedication refers to the allegiance and enthusiasm employees display towards the organization, and absorption is employees' concentration and assimilation toward the employer's task. Employees who have these attributes demonstrate high employee engagement that the company will have competitive advantage, generate higher revenue, promote the good will of the company, and reduce employee turnover, sick leave and industrial accidents. The presence of this kind of employee engagement will be a driving force for employee commitment. While employees have the vigor, dedication, and absorption they will be in a position to commit them for improved performance. Hence, employee engagement is positively related to employee commitment, and this reflects the positive bondage that exist thereof.

Jalal Hanaysha (2016) also mentioned about previous researches that reflect the significant positive effect of employee engagement on employee commitment. According to researches engaged workforce exert extra effort in order to perform duties which are beyond their assignments. Higher performance which is the result of higher engagement boosts the commitment level in which the employee will enjoy their work and commit their future for their employers. Besides, engaged employees have the perception of being physically and psychologically protected. They feel that they are on safe hands and this lead to staying with their employers. The other perception of engaged employees is their feeling positive about their work environments and organizational culture which encourage them to work there for long

period. Jalal (2016) mentioned previous researches to affirm the work engagement affects the level of employee commitment among employees.

## **B. Empirical Approach**

According to Fatemeh Forootan Eghlidi (2016), there are empirical data which shows the positive effect of employee engagement on employee commitment. The finding stated that while employees are engaged enough they deeply focus on their job forgetting everything around them which makes them aspire to materialize the goals and the aspirations of the organization. While they have these aspirations they will develop the desire to continue working for the organization. This leads them to believe that organizational values to be internal incentive and compatible with their own values. In the process the commitment of employees to work in the organization increases. The research clearly depicts the effect of employee engagement on employee commitment. Hence, the empirical data shows that there exists a cause relationship between the two constructs.

On the other hand, a research conducted by K. Mukerjee (2014) has found out that while employee engagement has a huge benefit for organizations it is quite important to make sure that improved activities are done in order to realize employee commitment for better performances. In this study the major issue is making sure that there is high level of engagement so that the commitment level will be higher. This implies that there is an intertwined relationship between employee engagement and employee commitments in which the higher the engagement level the higher the commitment level. If the engagement is very low it means the commitment level also decreases. Therefore, employee engagement has positive effect on employee commitment. Besides, it endorses that employee engagement has its role in driving employees' performance and sustaining competitive advantage.

Rebecca Jones (2018) has found out that there is a statistically significant relationship between employee engagement and organizational commitment. In the study t has also found out that employee engagement has positive effect on employee satisfaction as well. This implies that employee engagement not only affect employee commitment but also employee satisfaction.

Hence, employee engagement has a paramount importance in affecting the productivity of employees through the realization of employee commitment and job satisfaction.

In his research work Emmanuel Twumasi Ampofo (2020) has found out that there is a causal relationship between employee engagement and affective commitment, one of the dimensions of employee commitment. Employees who receive resources from their employees are more likely to reciprocate the gifts with positive attitudes. According to social exchange theory employees who feel that they are offered more are more likely to offer more to their organizations. In this finding the finding shows that while employees are more engaged they are more likely to be committed to the organizations. The commitment in this regard is an affective commitment in which they develop affection to their employers. Hence, it has been evidenced by empirical data that employee engagement has a positive effect on employee commitment.

In their empirical research Jet Mboga & Krista Troiani (2018) has found out that employee engagement has effect on building of positive rapport about organization, in turn becoming emotionally connected to their coworkers and direct clients among others. In contrast lack of employee engagement would result in lack of harmony among employees who can work against the management team and company goals by arranging or partnering with colleagues to ensure product or service failures, leading to the reduction of return on investment by the company. This implies that the empirical findings obtained from the research have pointed out the effect of employee engagement on employee commitment. It also reveals vice versa in which disengagement would result in being not committed. Hence, effect of employee engagement on employee commitment is proven by empirically supported data.

In their study Solomon Markos & M. Sandhya Sridevi (2010) has stated that employee engagement has a close link with performance outcomes which is resulted from higher employee retention as a result of reduced turnover and reduced intention to leave the company, productivity, profitability, growth and customer satisfaction. On the contrary, *companies who have disengaged employees faces wastage of effort and bleed talent, earn less commitment from the employees, face increased absenteeism and have less customer orientation, less productivity, and reduced operating margins and net profit margins.* From this research finding we can conclude that employee engagement has a direct effect on employee commitment. Besides its

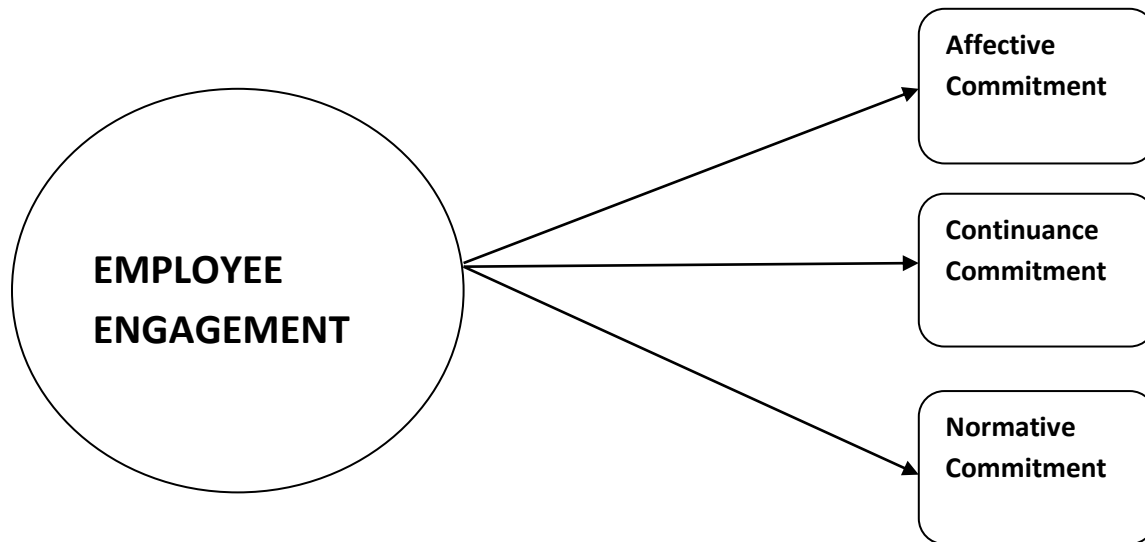
effect on employee commitment engagement also affects issues which are productivity. Generally, employee engagement is an important antecedent for employee commitment.

## **2.11. Measuring Employee Engagement & Employee Commitment**

In order to analyze the level of engagement in organizations there should be a measurement system in place. In the case of multinational companies the measurement must be rigorous so that the measurement result will reflect the true pictures of commitment. If the measurement is not accurate and relevant to all issues discussed in the literature review the findings could not be dependable. Hence, a measurement system that is comprehensive and relevant to the issue on hand will be in place. Allen and Meyer's (1990) instrument will be used to measure the three dimensions of employee commitment: namely, affective commitment, continuance commitment, and normative commitment. The three dimensions consist of eight items each and they are meant to explore the extent the respondent agrees with statements. The questionnaires have eight 7-points' scale which are; strongly disagree, disagree, slightly disagree, undecided, slightly agree, agree, and strongly agree. The authors have mentioned that it will be acceptable to use a scale of 5- points depending on the contexts of the research area and the researcher's approach. In line with that in this research 5-points scale is adopted as the responses do not compromise the findings and the respondents will be at ease to attentively respond to each question. The 5- point Likert scale that will be adopted in this research are strongly disagree, disagree, undecided/neither agree nor disagree, agree, and strongly disagree.

With regard to employee engagement the researcher will use Gallup employee engagement survey. This measurement tool has 12-item questionnaire with five-point scale ranging from 'Strongly Disagree' to 'Strongly Agree', and sample items include, *I know what is expected of me at work and the mission or purpose of my company makes me feel my job is important*. These questionnaires are well tested interims of validity and reliability (Sowath Rana and Alexandre Ardichvili, 2015).

## 2.12. Conceptual Framework of the Study



As it is depicted in the sketch above the conceptual framework of the study clearly shows the effect of employee engagement on the three types of employee commitment. Engagement conditions, behaviors, and drivers are the prerequisite of the driving force the occurrence of employee engagement. The presence of them will have an effect for engagement or disengagement to happen. Hence, they are the imitators of engagement. The engagement is the condition in which employees react to these engagement prerequisites. They might positively respond and get engaged or they might negatively react and disengaged themselves. It implies that the drivers might have both positive and negative reactions. The outcome/consequence reflects the effect of employee engagement on employee commitment. It shows whether employee engagement positively affects employee commitment or the vice versa. In this research, the researcher is interested to find out the outcome of engagement on commitment. The researcher has developed three hypotheses which could show the cause and relationship between employee engagement and employee commitment and it has been clearly stated in the hypotheses section below.

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

This chapter covers major topics which include research design, target population, sample size, sampling techniques, data sources, data collection tools and procedure, methods of data analysis, validity and reliability.

### **3.1. Research Design**

Research design and methodology are important aspects of a research work. The methodology section is a blue print in order to make sure that the research questions are well addressed and the objectives are properly met. It can be used as a master plan by the researcher to share the procedures that are applied in order to collect and analyze data. In this section the source of data are also well stated. On top of that, the data collection types are also well articulated in specific terms. In addition, the researcher clearly puts justifiable reasons behind sampling techniques and procedures, data validity, and reliability.

In this research, the researcher tries to analyze the levels of employee engagement in S.C, Breweries Ethiopia. In order to address this research objective explanatory research is applied since it shows the causal relationship between employee engagement and employee commitment. The data collection method is survey to sample population. The data collection tools used in this research is quantitative. Maximum effort is applied to apply the right data collection tools that can measure the effect of employee engagement on employee commitment so that they will be compressive enough to address all issues related to employee engagement and employee commitment in the context of multinational sector. The quantitative research questions are close ended questions with a scale of 1 to 5.

### 3.2. Population, Sample Size and Sampling Techniques

#### 3.2.1. Target Population

Target population is the whole group of individuals from Heineken Breweries S.C, Ethiopia, Addis Ababa, head office & Kilinto factory, who are targeted for this research. Based on the data obtained from the HR department the total number of employees at its head office (270) & Kilinto (320) Factory is 590 who are working on permanent bases.

#### 3.2.2. Sample Size

In order to make sure that the conclusions are representing the entire population it is imperative to have a sample size which reflects the findings at the population level. Hence, the researcher applies standardized sampling techniques to determine the right sample size for the research. The following equation with sampling error of 5% is a worldwide accepted formula which can be trusted for generalizations.

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

Where n – Represents the sample size the researcher applies

N - Represents total number of employees of Heineken Breweries S.C, Ethiopia, Addis Ababa. Head office & Kilinto factory

e – Represents maximum margin of error 5% (0.05)

1 – Represents the probability of the event occurring.

$$n = \frac{590}{1+590(0.05^2)} = \frac{590}{2.475} = 239$$

Based on the above calculation the sample size is 239 employees.

### **3.2.3. Sampling Technique**

Convenient sampling technique is used for selecting the sample size of 239 respondents from the population of 590 employees at Heineken Breweries S.C, Ethiopia, Addis Ababa. In this sampling method, every unit in the population has an equal chance of inclusion in the sample and each one of the possible samples has the same probability of being selected.

### **3.3. Data Sources**

The researcher used both primary and secondary data sources. The primary data were collected using structured questionnaires from lower level employees. The secondary data were collected from various sources which include relevant documents such as salary, financial reports, and other documents which have directly relevance with employee engagement.

### **3.4. Data Collection Tools and Procedure**

In this research primary data were collected from employees using Gallup's structured data collection questionnaires for employee engagement and Allen and Meyer's data collection tool for employee commitment. The researcher uses this application due to its high prevalence in employee engagement surveys and its standard nature. The questionnaires have five point Likert ranking scale.

### **3.5. Methods of Data Analysis**

Data were collected using quantitative data collection method using questionnaires for both engagement and commitment. Questionnaires which are accepted among practitioners and academia were used in the data collection (Gallup data collection tool for engagement and Allen and Meyer data collection tool for commitment). The analysis was done through linear regression and correlation as well as descriptive statistics in order to show the relationship and significance between the two concepts. The collected data will be analyzed using SPSS (Version 26) software to generate findings in the form of charts, diagrams and tables. Data obtained from

both sources were crosschecked to make sure that the findings are consistent. The findings were analyzed separately in the discussion section, and mixed in the conclusion and recommendation sections

### **3.6. Model specification**

Affective Commitment=  $\alpha + \beta \text{engagement}$

Continuance Commitment=  $\alpha + \beta \text{engagement}$

Normative Commitment=  $\alpha + \beta \text{engagement}$

### **3.7. Reliability**

Reliability statistics is used to test the reliability or internal consistency of the data. Ensuring quality of data, reliability coefficient test was done. The reliability test applied in this research is as follows;

*Employee commitment-* the researcher used Allen and Meyer's (1990) scale since previous studies report high reliability estimates (usually all dimensions' Cronbach's alpha > 0.7) and there is reasonable evidence of their construct validity (Sowath Rana and Alexandre Ardichvili, 2015).

*Employee engagement-* In this study, the researcher measured employee engagement using Gallups' 12 item job engagement scale since previous studies report high reliability estimates (usually all dimensions' Cronbach's alpha > 0.95) and there is reasonable evidence of their construct validity (Sowath Rana and Alexandre Ardichvili, 2015)

### **3.8. Validity**

Validity is one of the most critical elements to measure the degree to which an instrument measures what it is supposed to measure. In order to ensure the quality of the research design, content and construct validity of the study was verified by the advisor of this research, who looked into the appropriateness of questions and the scales of measurement.

### **3.9. Ethical Issues**

In this research the researcher made sure that responses of the participants will be kept confidential. All sensitive issues of the respondents treated with maximum care. Besides, the research clearly communicated the objective of the research to the participants. Any supporting letter from AAU School of Commerce as well as the management of Heineken Breweries S.C. was provided to respondents and others who are relevant to this study.

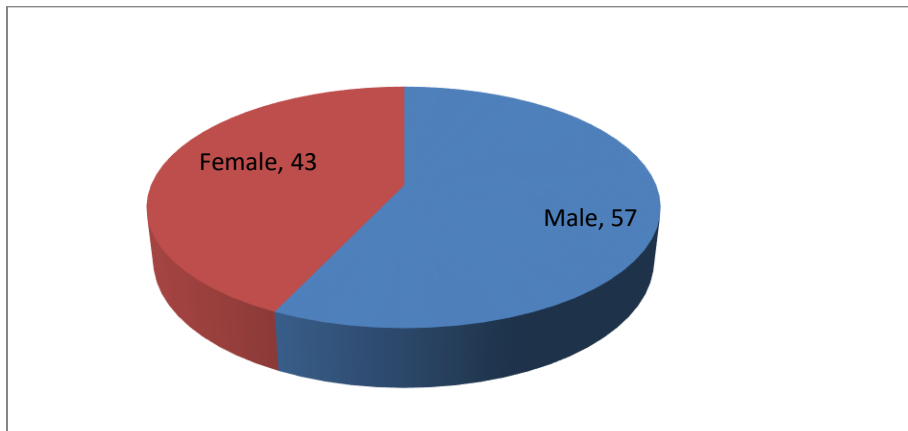
## CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

The main purpose of this chapter is to analyze the effect of employee engagement on employee commitment in Heineken Breweries S.C. In this section the major issues addressed are data analyses and presentation, conclusion and recommendation.

### 4.1. Demographic Characteristics of the Respondents

This section summarizes the demographic characteristics of the sample, which includes age of the respondent, gender, education level, work experience, employment category and marital status. The purpose of the demographic analysis in this research is to describe the characteristics of the sample such as the proportion of males and females in the sample, range of age, education level, marital status and job function, income level, and religion in order to make sure that readers will have the details of the research setting.

Figure 1: Gender of Respondents (per cent)



As it has been seen table 4.1 the percentage of female respondents is 43%, while the rest are male employees. This shows that the company has relatively a good number of female employees which is a recommendable approach in terms of gender diversity.

Figure 2: Age of Respondents (per cent)

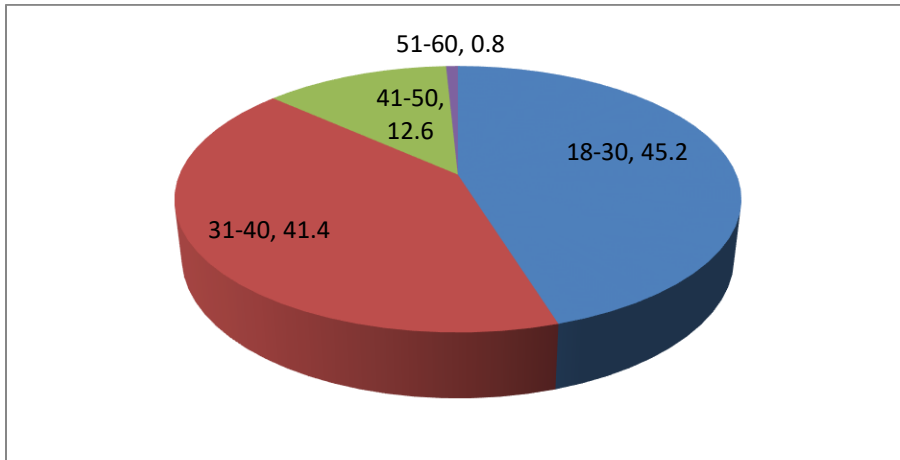
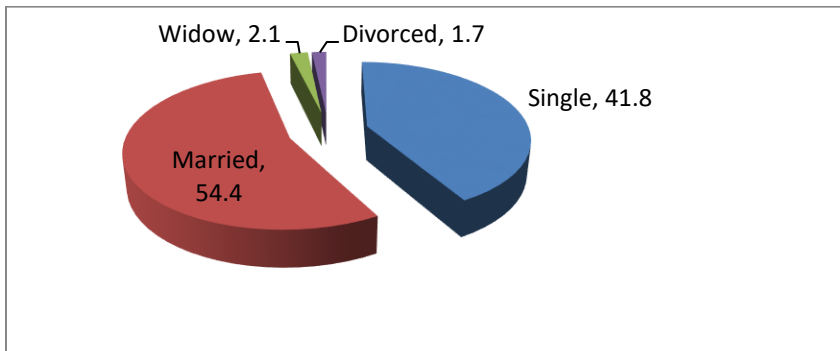


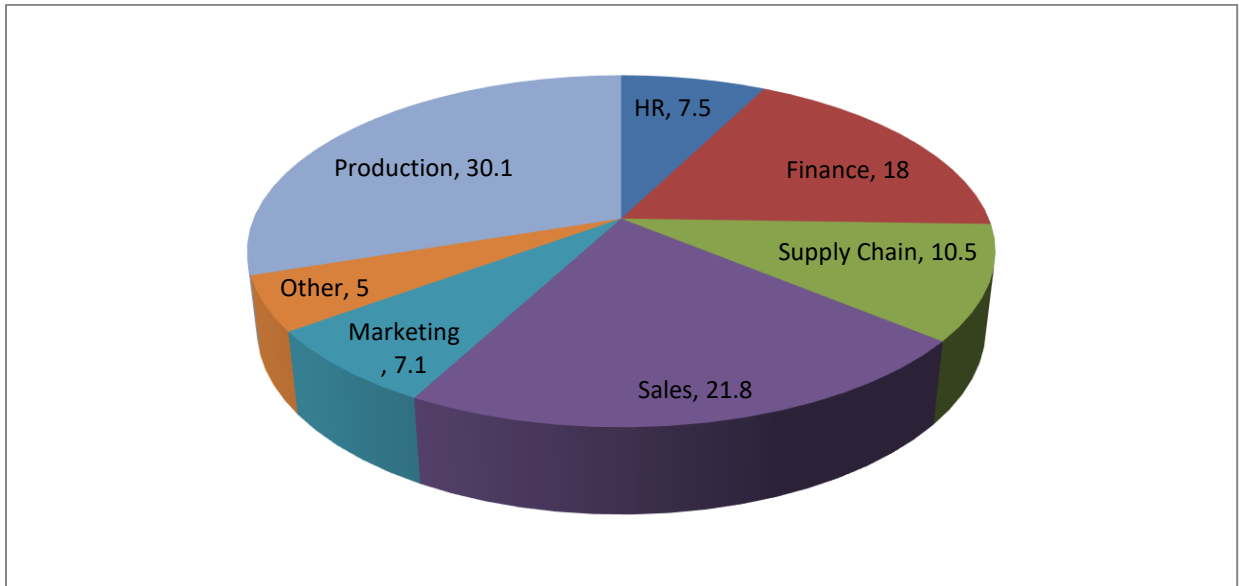
Table 4.2 shows that the age mix of employees is varied with 45.2% of the employees are young professionals aged from 18-30, while the second large number of employees, 41.4% are aged 31-40. Employees who are aged 51-60 contribute 12.6%, and on the other hand 0.8% of the employees are aged 50-60. This shows that the company has young professionals who can still continue working with the company in the future.

Figure 3 : Marital Status of Respondents (per cent)



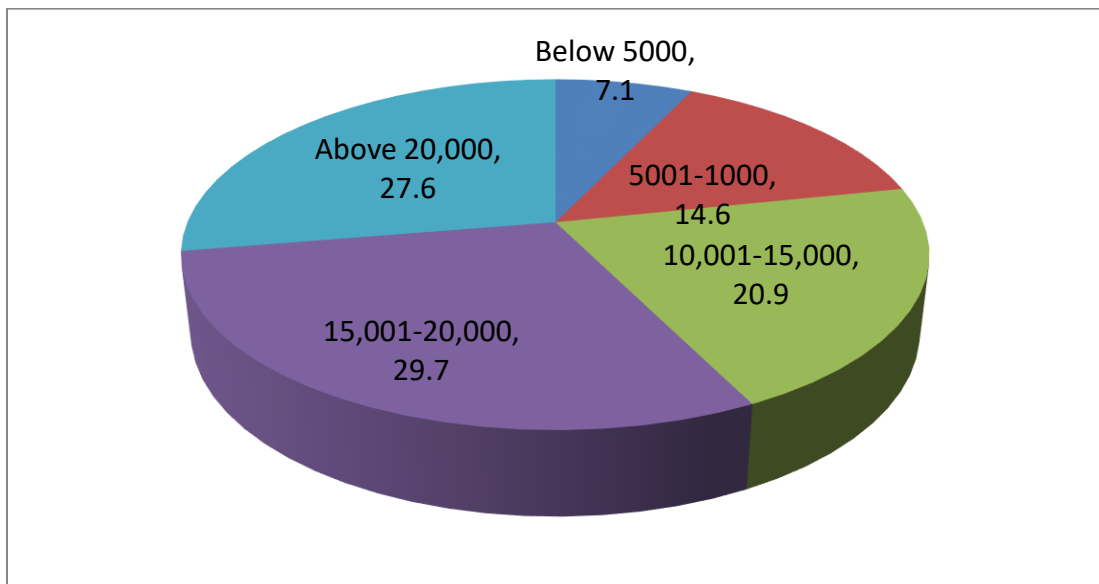
As it is shown in table 4.3 above the marital status of employees is 41.8% are single, 54.4% are married, 2.1% are widowed, and 1.7% are divorced. This explains that the majority of the employees who are participated in the survey are either single or married (96.2%), and it reflects that the company has employees who can contribute their part with energy.

Figure 4: Occupation of Respondents (per cent)



As table 4.4 above shows the majority of the respondents are from production (30.5%) and sales (21.8%) as a manufacturing company these are the two major backbones of the organization. Besides, there are also a reasonable number of employees from support function such as human resources, finance, marketing, and supply chain.

Figure 5: Income Level of Respondents (Per cent)



The table above shows that the majority of the respondents (57.3%) are earning above 15,000 ETB; 29.70% of them earning 15,000 - 20,000 Birr and 27.6% of them earning above 20,000 ETB. This implies that the company compensates its employees with reasonable salary.

Figure 6: Religion of Respondents (per cent)

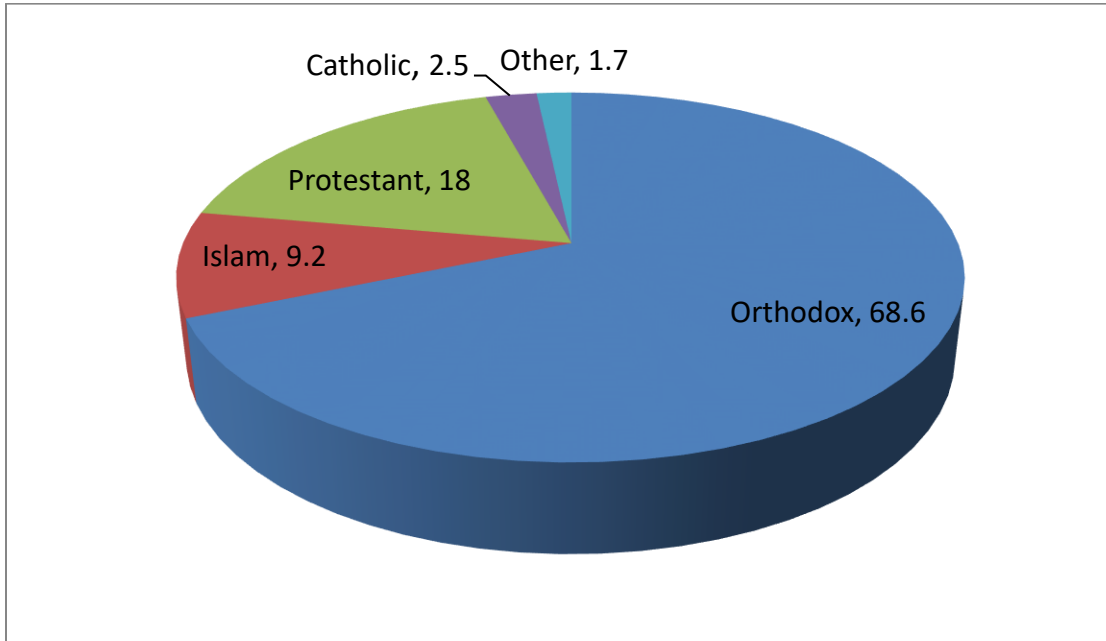
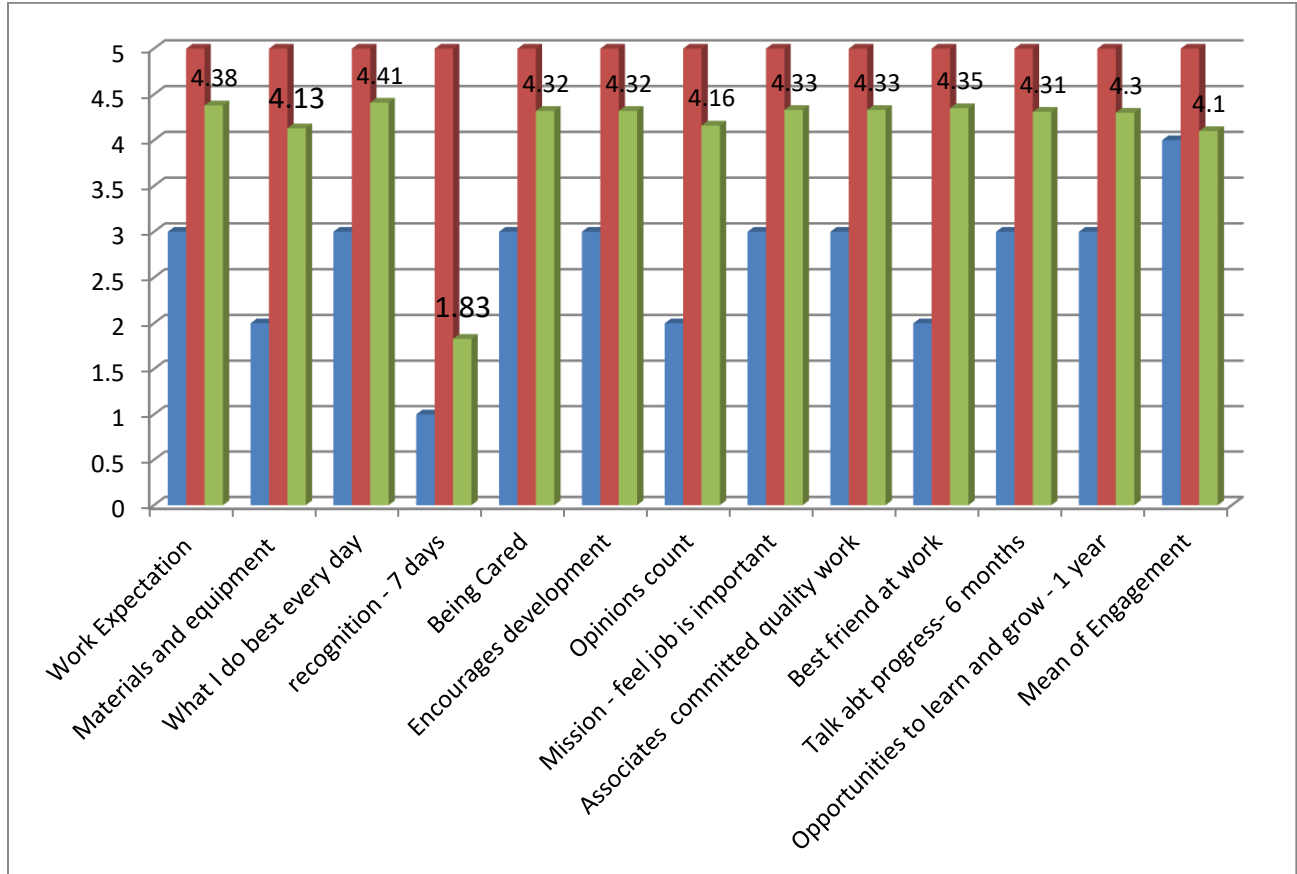


Table 4.6 shows that the company has diverse work force from different religions, with Orthodox Christians are the majority of the respondents with 68.6%, and the next higher numbers being Protestants with 18%. This implies the company has safer work environment for all religions including those who do not drink alcoholic products too.

## 4.2.Statistical Analyses Correlation & Regression – Model & Coefficients

### 4.2.1. Employee Engagement

Figure 7: Engagement Level

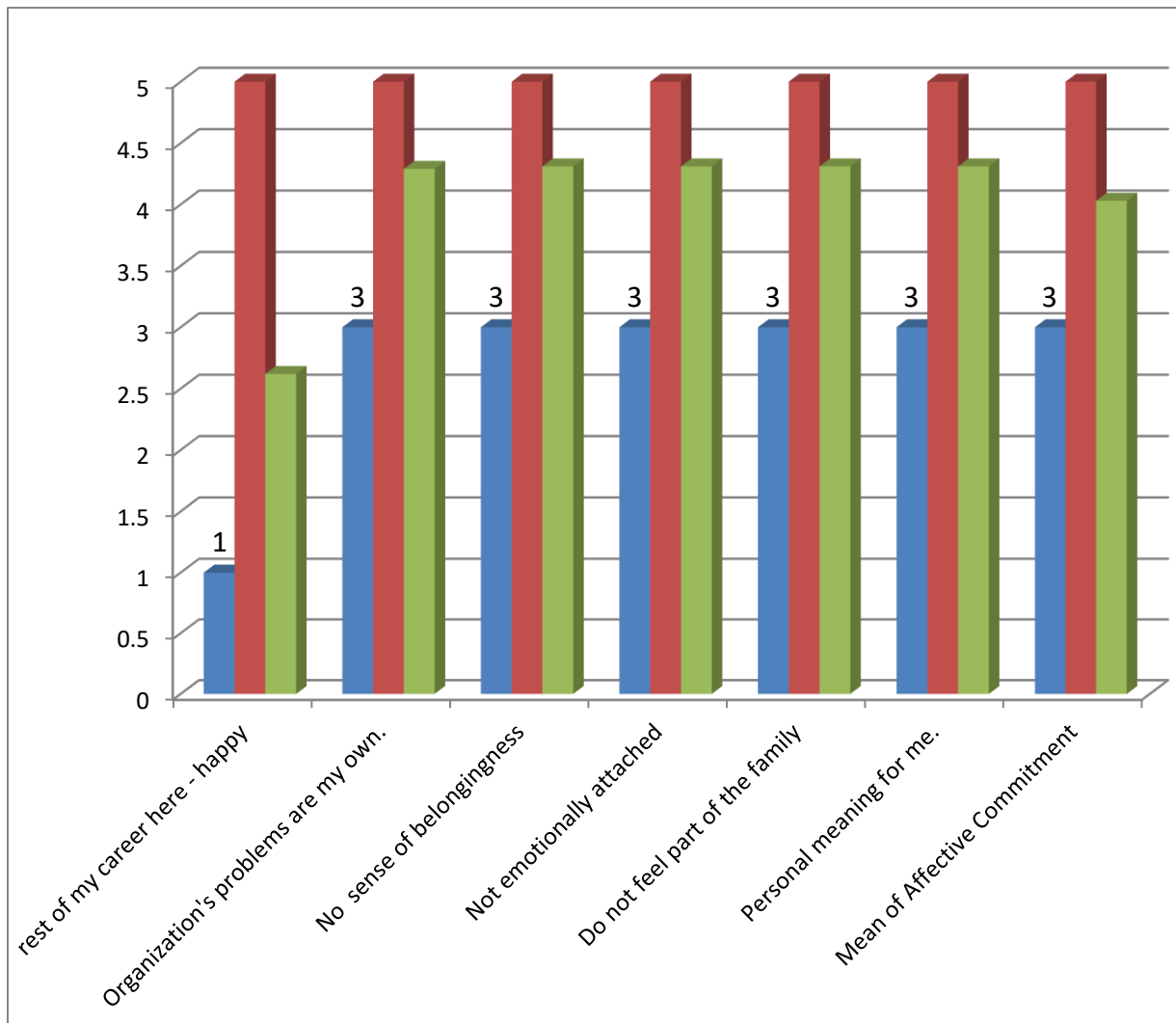


As it is seen in the above table the level of engagement in Heineken Breweries S.C. is high. Respondents have stated that they are engaged in the company with a mean of 4.10. Most of the employees are either strongly agree or agree with questions that measure their engagement. It shows that the company has an engaged workforce. The areas whereby employees show low level of engagement in terms of individual responses are availability of materials and equipment, recognition by supervisors in the last seven days for their good work, opinions seem to count, and having a best friend at work. In these engagement variables there are employees who responded with strongly agree and agree, which are below the average rate of being neutral.

However, these employees do not represent the majority of the employees though it is important to give emphasis despite the number of employees. The overall level of engagement is very high with an average response of being agreed with the variables that measure engagement.

#### 4.2.2. Affective Commitment

Figure 8: Level of affective commitment



In terms of affective commitment it has been observed that employees have the affection to commit themselves to stay in the organization. As it has been discussed in the literature affective commitment reflects the affection they have towards the company so that they will continue working. In this regard the average response rate is 4.03, which above agree and below strongly

agree. It shows that the employees are committed enough to stay in the organization due to the affection they have developed while working in the company. However, in terms of committing themselves for the rest of their career below the neutral level, 3 and above disagree, 2, and it shows that employees are not happy to stay in the company for the rest of their career. This implies the affection they have towards the company does not make them commit themselves to stay in the company indefinitely. In terms of other factors the level of average commitment is as high 4.31, which shows strong level of commitment.

Table 1: Model Summary - Affective Commitment

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.450 <sup>a</sup>	0.202	0.199	0.39262

The above table shows the model is acceptable enough to justify the positive relationship between engagement and affective commitment, with an  $R^2$  of 0.202. This indicates that the engagement has a unique prediction of 20.2% to make a variance on affective commitment. It means the presence of engagement has a unique contribution to bring an increment of affective commitment with 20.2%.

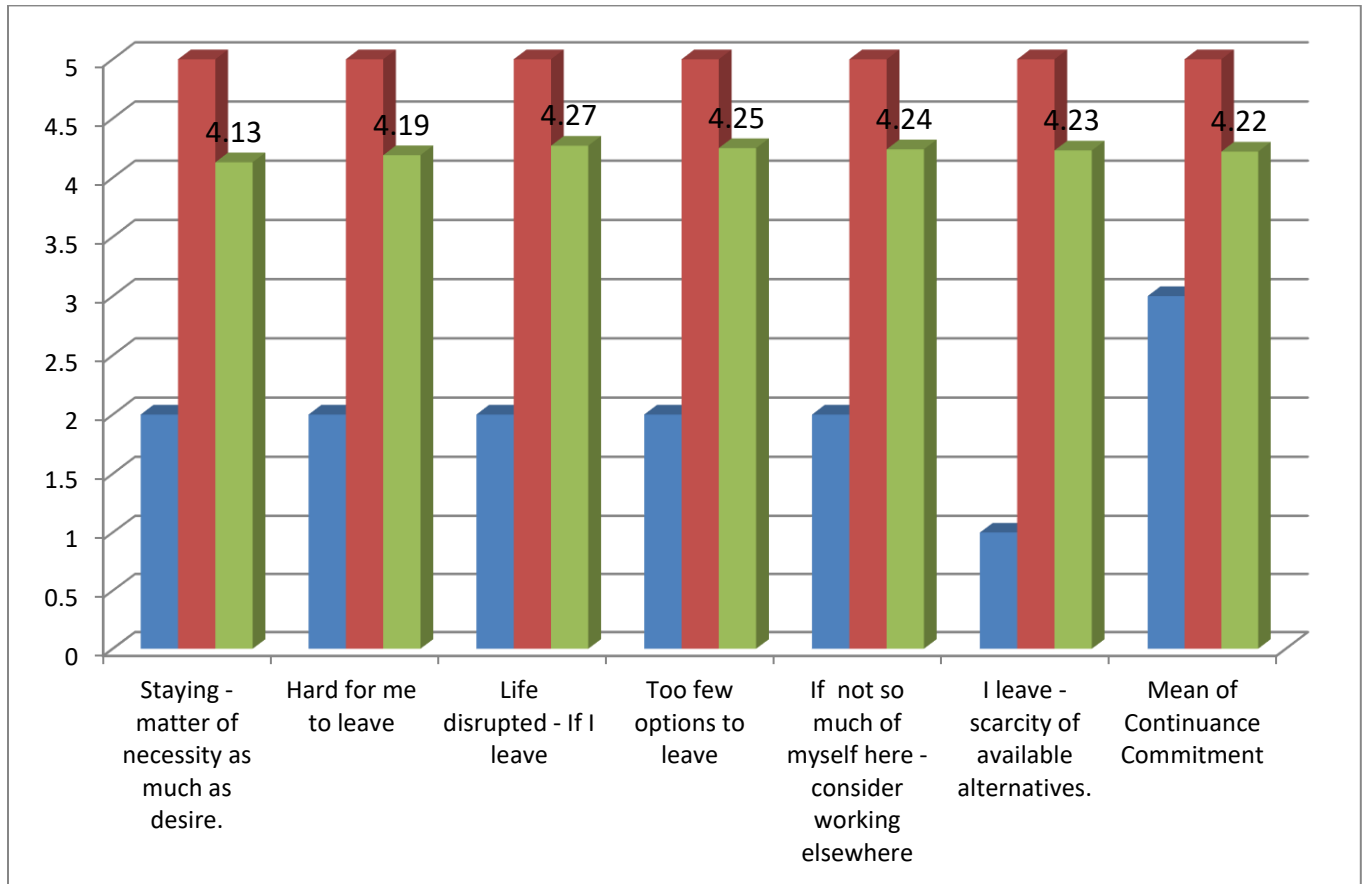
Table 2: Coefficients - Affective Commitment

Coefficients						
Model				Standardized	t	Sig.
				Coefficients		
				Beta		
	Mean of Engagement	0.768	0.099	0.450	7.750	0.000

The other statistical concept we need to address is the significant level of the effect of employee engagement on employee commitment, which is 0.00 as it has been seen in the above table. Levels of significance which are below 0.05 are accepted, and the significance level for this relationship is accepted. Hence, the effect of employee engagement on employee commitment is significant.

### 4.2.3. Continuance Commitment

Figure 9: Level of Continuance Commitment



As it has been outlined in the literature section continuance engagement refers to the condition in which employees are afraid of the consequences of leaving the organization and the cost associated with their exit. In terms of this indicator the findings show that employees have that fear factor to leave the company with an average response of more than 4, which is strongly agree. This means employees stay in the organization due to the fear of the risk associated with leaving in the organization. However, there are employees who strongly disagree as well as agree with this engagement factor though their number is very few as the average is between agree and strongly agree. Especially, with regard to the scarcity of available alternatives there are responses which show strongly disagree. This reflects that within the company the majority fears to leave the organization, and there are also few employees who are not afraid to leave.

Table 3: Model Summary – Continuance commitment

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.354 <sup>a</sup>	0.125	0.122	0.28720

With regard to the statistical model adopted as it is shown in the above table the model is accepted with an R<sup>2</sup> of 0.125 or 12.5%. This means employee engagement can create a unique 12.5% variance on continuance employee commitment. Contributing 12.5% increment on affective employee commitment can be taken as a fairly large contribution of employee engagement.

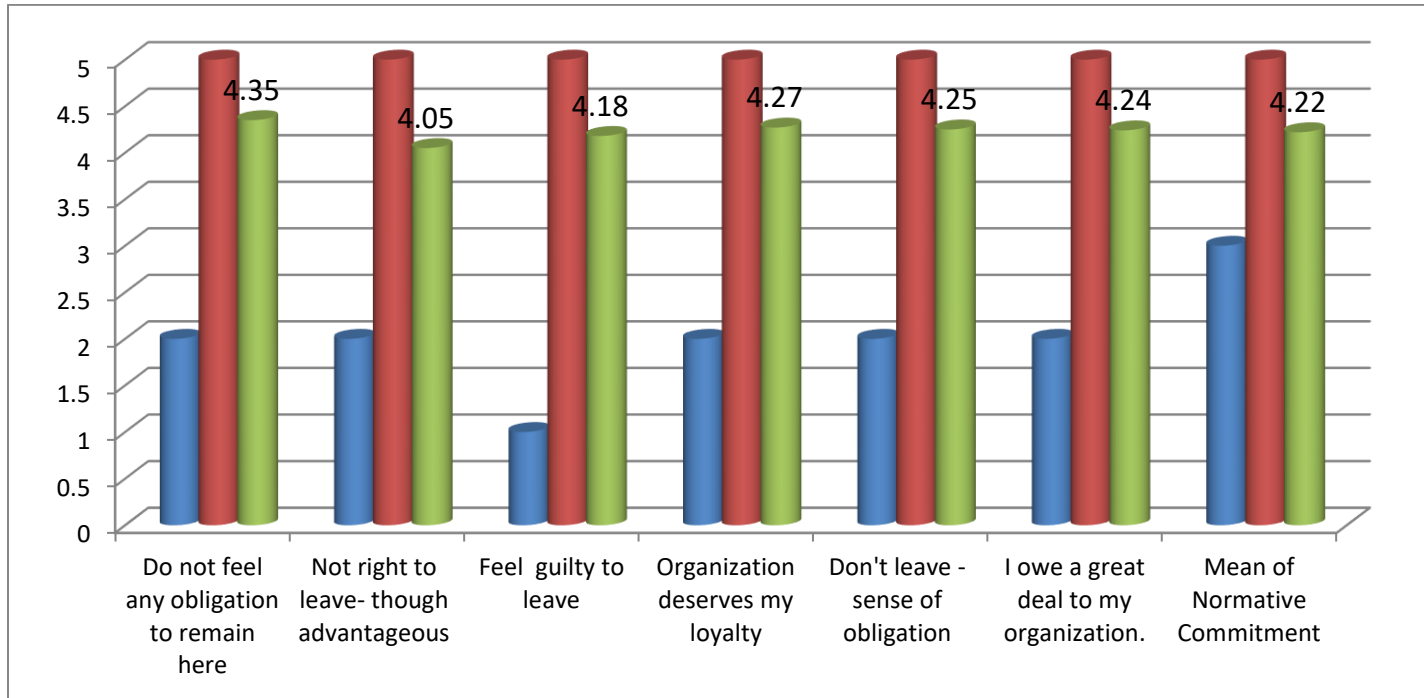
Table 4 Coefficients- Continuance commitment

Coefficients						
Model				Standardized Coefficients	t	Sig.
				Beta		
	Mean of Engagement	0.423	0.072	0.354	5.831	0.000

With regard to the significance level of it is shown in the above table that the significance level is 0.00 which below the standard and accepted significance level of 0.05. Hence, the variance that can be brought by engagement on continuance commitment is significant enough.

#### 4.2.4. Normative commitment

Figure 10: Level of Normative Commitment



The third component of employee commitment which is measured against employee engagement is normative commitment which refers to the feeling of an employee to be obliged to work for the company for indefinite period of time. As it has been shown in the above table the level of normative commitment is significantly higher with an average score of more than 4, which is above strongly agree. This shows that the employees have something in the company that obliges them to stay in the company. The factors could vary but at least there is one thing the company applies to retain employees and decrease rate of turnover. However, in terms of feeling guilty of leaving the company there are responses as low as 1, sternly disagree, and it reflects that there are employees who do not feel guilty to leave the company. Besides, the average minimum is 2 and the average maximum is 5 and it reflects that there are employees who have high sense of being obliged and high sense of not being obliged. This implies there are employees at two extremes.

Table 5: Model Summary – Normative commitment

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.412 <sup>a</sup>	0.170	0.166	0.32678

With regard to the statistical model it is evident that  $R^2$  is high which reflects the variance that can be brought by employee engagement on normative employee commitment is very high, 0.17 or 17%. This implies that the engagement can bring a variance of 17% on normative commitment.

Table 6: Coefficients – Normative Commitment

Coefficients						
Model				Standardized Coefficients	t	Sig.
				Beta		
	Mean of Engagement	0.574	0.082	0.412	6.964	0.000

Concerning the significance level it is seen above that the significance level is below the accepted significance level of 0.05. This implies that the variance brought by employee engagement on employee commitment is significant enough.

#### **4.2.5. Hypotheses Testing**

H1: Employee engagement is positively and significantly related to affective commitment.

The null hypothesis is tested true with acceptable  $R^2$  and significance. Hence, Employee engagement positively and significantly related to affective commitment.

H2: Employee engagement is negatively and significantly related to continuance commitment.

The assumption of the null hypothesis that employee engagement is negatively and significantly related to continuance commitment holds true with  $R^2$  with substantial variance and statistically significance less than 0.05.

H3: Employee engagement is positively and significantly related to normative commitment.

The assumption of the null hypothesis employee engagement is positively and significantly related to normative commitment holds true.

Generally, the assumption of the three null hypotheses are true, and the result is statistically significance.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION**

In this chapter the major findings of the research are summarized, conclusions are made, and recommendations are also forwarded.

### **5.1. Summary of Major Findings**

In this section major findings of the research are presented in brief.

#### **5.1.1. Demographic Data**

- Heineken Breweries S.C. has diverse work force in terms of gender and religion.
- It has a productive workforce of young and dynamic professionals
- The amount of salary they are earning is attractive
- The company has departments that are instrumental for productivity and Effectiveness
- The company has a good engagement status

#### **5.1.2. Employee Engagement**

The research has found out the commitment level of Heineken Breweries S.C. is high. In most of the measurement variables the employees responded that their commitment level is high. Among the twelve criteria it only receiving recognition or praise for doing good work is with an average of the lowest response rate, 1.83 which is below disagree and above agree. This shows that in terms of employee engagement the company is doing a great job which is reflected in their responses. Having best friend at work and the opportunity to do their best expertise, and knowing work expectation are with the three top response rates 4.35 and above. This shows how employees are performing their tasks with the highest standard.

#### **5.1.3. Employee Commitment**

As it has been found out through the research employee engagement is positively and significantly related to the two types of employee commitments, affective and normative commitments where as negatively and significantly related to continuance commitment. In terms

of affective commitment it has been observed that employees have the affection to commit themselves to stay in the organization. As it has been discussed in the literature affective commitment reflects the affection they have towards the company so that they will continue working. The only factor that is not well affected by engagement is committing their career to the organization. It implies that employees will move to other organizations given that there are factors which have either pulling or pushing.

Continuance engagement refers to the condition in which employees are afraid of the consequences of leaving the organization and the cost associated with their exit. In this regard to the findings reflect that employees prefer to stay in the organization due to the fear factor which associated with the risk of leaving the company. One major finding in this regard is the two extreme findings which are disagree and strongly agree, though the majority of them are in the category of strongly agree. This means there are few employees who do not have the required continuance commitment level.

As per the responses obtained from the employees it is clearly visible that employee engagement has positive and significant relationship with normative commitment. Employees feel that they are obliged to work for the organization for a longer period of time. There might various factors the organization introduced to make sure that the employees feel obliged to stay. Whatever the reason might be it has worked out for the company. With regard to feeling guilty of leaving there average score is low which reflects that in this regard to engagement factors do not influence their normative commitment strongly. On top of that the average score for varies from 2 to 5, which means there are employees who still do not have that feeling of being obliged to stay I the company though there number is very few.

In terms of the model applied to test the hypotheses related to the relationship between employee engagement and employee commitment (affective, continuance, and normative) the findings perfectly shows that the  $R^2$ , the variance that can be uniquely contributed by independent variable on the dependent variable is acceptable and the significance level also below the expected p-value of 0.05. Therefore, the hypotheses that employee engagement has positive and

significant relationship with affective and normative commitment, as well as negative and significant relationship with continuance commitment are valid and accepted.

## **5.2. Conclusion**

Based on the findings obtained from the research the following are the major conclusions of the study

- Heineken Breweries S.C. has diverse work force in terms of gender and religion.
- It has a productive workforce of young and dynamic professionals
- The amount of salary they are earning is attractive
- The company has departments that are instrumental for productivity and effectiveness
- Employee engagement has a positive and significant relationship with affective and normative commitment
- Employee engagement has a negative and significant relationship with continuance commitment
- Employee engagement has positive and significant relationship with normative commitment
- There are engagement areas which are not still addressed in the three commitment areas
- The level of variance create by employee engagement on employee commitment could still be increases as the 22% is even below 50%. If more employee engagement practices are in place more commitment is expected as positive, causal and significant relationship exists.

## **5.3. Recommendation**

Based on the analysis and interpretation of the gathered data and secondary data the following recommendations are made:-

- Heineken Breweries S.C. should make sure that its employees are engaged enough so that they will continue to work for the company with commitment
- There are relatively low engagement levels in terms of availability of materials and equipment, recognition by supervisors in the last seven days for their good work,

opinions seem to count, and having a best friend at work. Hence, the organization should take these areas as future improvement plans

- Employees are not willing to commit themselves for the rest of their career, affective commitment. Therefore, this is an area the company should work in order to make sure that they will be committing themselves.
- In terms of continuance commitment, there are employees who do not afraid the risk of leaving the organization. This is an area the company needs to work on so that the employees will be more continuance committed.
- There are employees who do not feel guilty of leaving the company. This implies that the company lacks to provide the employees the necessary things that makes them guilty leaving, for instance training and promotion. Hence, this area needs further attention.
- The variance created by employee engagement on affective commitment is 19.9%. Though it is a good contribution the company should work hard to increase the commitment level though time
- In the case of continuance commitment the variance created by employee engagement is 12 %, which is smaller than the other two commitment types. Hence, the company needs to invest more on activities that increases employee engagement so that there will be continuance commitment
- On the other hand, the variance of normative commitment which is brought by employee engagement is 17%, and it also still has room for improvement
- The company should introduce a periodic employee engagement survey
- The company need to make sure that the commitment level of employees are improved over the years
- The company should strictly follow up the three commitment types and their improvement over time.
- Other multinational companies should also learn from Heineken Breweries S.C. the importance of employee engagement for an improved employee commitment
- Employee engagement programs should be introduced to the sector for better performance and productivity.
- The company should continue working on improving its diverse work force in terms of gender and religion.

- Engaging young professionals with senior professionals so that there will be transfer of knowledge.
- Making sure that the employees are earning fair amount of salary in the future as well
- Updating every function in the future as per the needs that are arising from the market

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## Appendix: Survey Questionnaires

### Addis Ababa University School of Commerce

February 2021

#### Analyzing the effect of Employee Engagement on Employee Commitment

Thank you to agreeing to participate in this data collection. This data collection is done by MA candidate student in Business Leadership at Addis Ababa University School of Commerce. The purpose of the research is to collect relevant data concerning “**The of Employee Engagement on Employee Commitment**” with regard to employees of Heineken Breweries S.C. who are located in Addis Ababa. The questionnaire has 37 close ended questions in three sections. Please put a tick mark on the response you think is most relevant. Please be informed that your responses will be kept confidential and anonymous.

#### I. Demographic Data

Sex: M  F

Age: 18-30  31-40  41-50  51-60  Above 60

Marital Status Single  Married  widowed  Divorced

Function: HR  Finance  Supply Chain  Production  Sales  
Marketing  Other:  Production

Income (ETB): Below 5,000  5,001-10,000  10,001 – 15,000   
15,001 – 20,000  above 20,000

Educational Background:

Below Certificate  Diploma  Degree  MA  PhD  Other

Religion: Orthodox                      Islam                      Protestant                      Catholic                      Other

**II. Level of Engagement**

In this section your engagement level in Heineken Breweries S.C. is going to be measured. Please provide me with your right response. Make sure that you tick the correct response among the five alternatives. It has one section with twelve questions.

**SD-** Strongly Disagree    **D –** Disagree    **N-** Neutral    **A-** Agree    **SA-** Strongly Agree

S. No	Items/ Particulars	Level of Engagement				
		SD	D	N	A	SA
1	I know what is expected of me at work					
2	I have the materials and equipment to do my work right					
3	At work, I have the opportunity to do what I do best every day					
4	In the last seven days, I have received recognition or praise for doing good work					
5	My supervisor, or someone at work, seem to care about me as a person					
6	There someone at work who encourages my development					
7	At work, my opinions seem to count					
8	The mission/purpose of my company makes me feel my job is important					
9	My associates (fellow employees) committed to doing quality work					
10	I have a best friend at work					
11	In the last six months, someone at work talked to me about my progress?					
12	In the last year, I have had opportunities to learn and grow					

### III. Level of Commitment

In this section your commitment level in Heineken Breweries S.C. is going to be measured. Please provide me with your right response. Make sure that you tick the correct response among the five alternatives. It has three sections with six questions each.

**SD-** Strongly Disagree **D** – Disagree **N-** Neutral **A-** Agree **SA-** Strongly Agree

#### Affective Commitment

S. No	Items/ Particulars	Level of Commitment				
		SD	D	N	A	SA
1	I would be very happy to spend the rest of my career with this organization.					
2	I really feel as if this organization's problems are my own					
3	I do not feel a strong sense of "belonging" to my organization					
4	I do not feel "emotionally attached" to this organization					
5	I do not feel like "part of the family" at my organization					
6	This organization has a great deal of personal meaning for me					

#### Continuance Commitment

S. No	Items/ Particulars	Commitment Level				
		SD	D	N	A	SA
1	Right now, staying with my organization is a matter of necessity as much as desire.					
2	It would be very hard for me to leave my organization right now, even if I wanted to.					
3	Too much of my life would be disrupted if I decided I wanted to leave my organization now.					
4	I feel that I have too few options to consider leaving this organization.					

5	If I had not already put so much of myself into this organization, I might consider working elsewhere.					
6	One of the few negative consequences of leaving this organization would be the scarcity of available alternatives.					

**Normative Commitment**

S. No	Items/Particulars	Level of Commitment				
		SD	D	N	A	SA
1	I do not feel any obligation to remain with my current employer					
2	Even if it were to my advantage, I do not feel it would be right to leave my organization now.					
3	I would feel guilty if I left my organization now.					
4	This organization deserves my loyalty.					
5	I would not leave my organization right now because I have a sense of obligation to the people in it.					
6	I owe a great deal to my organization.					

**Thank you for your genuine response and precious time!**