

**FACTORS AFFECTING EMPLOYEES' ENGAGEMENT:
THECASE OF COMMERCIAL BANK OF ETHIOPIA**



**A Thesis report Submitted to the Department of Business Administration and
Information Systems
Presented in Partial Fulfillment of the Requirements for Master's of
Arts Degree in Human Resource Management**

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Declaration

I, the undersigned, declare that this study entitled “**Factors Affecting Employees’ Engagement: The case of Commercial Bank of Ethiopia**” is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

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Abstract

If the organization has no engaged or emotionally attached employees, its performance will decrease, its turnover increase and disturbs team spirit .Therefore the objective of this paper is to identify the critical factors affecting employee engagement in Commercial Bank of Ethiopia, ,evaluates the level of employee engagement and how they should be properly tackled. The target population of this study is employees of Commercial Bank of Ethiopia working in Addis Ababa area. This includes four districts, Human Resource Department, and Credit Department. A total of 379 employees were selected out of total population of 7,094 as the sample of the study. Random sampling technique was used to select the branches and individual respondents. The standardized questionnaires of were adapted from standard questionnaires. Quantitative research approach with explanatory research designs was used to identify the factors that affect engagement. In general the major findings show us that employee engagement level is a bit higher than three quarters. The most critical factors are found to be open communication and job satisfaction. Thus Commercial Bank should focus on those critical factors to escalate the level of employee engagement.

Key words - Engagement, Commercial Bank of Ethiopia.

LIST OF ABBREVIATIONS

BDM	Business Development
CBE	Commercial Bank of Ethiopia
CHRM	Corporate Human Resource Management
CM	Credit Management
E&RS	Engagement & Retention System
FSFM	Frankfurt School of Finance & Management
HO	Head Office
HR	Human Resources
HRD	Human Resource Development
HRM	Human Resource Management
JG	Job Grade

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CHAPTER ONE

INTRODUCTION

This part introduces the overall picture of the research and the overall approach to deal with the stated research problem. It covers background of the study, statement of the problem, research questions, research objective, and significance of the study, scope of the study, limitations of the study, definition of terms and organization of the Study.

1.1. Background of the Study

Employee engagement has become a hot topic in recent years. Kular, Gaten , Rees, Soane, Truss .(2008). Both job engagement and organizational engagement result in employee engagement. Job engagement refers to the employee's attitude towards his job and organizational engagement is the employee's attitude towards organizational vision, mission and objective.

Employees are becoming the source of company's competitive advantage. As Wellins, Bernthal and Phelps (2013) stated People have become the primary source of competitive advantage in 2002, 20 %of the organization market value came from tangible assets like machinery ,products, facilities and the other 80 % from intangible assets like brand intellectual property and most important the quality of the workforce . As we know products can easily be copied but the quality of an organizations talent, its passion and commitment, is nearly impossible to replicate. Therefore engagement is the fuel that drives the value of intangible assets.Because it is almost impossible to copy and, without it, execution of most corporate initiatives becomes difficult, if not impossible without workforce or employees involvement to

achieve organizational vision. Thus, when we talk about engagement, we are only talking about people, people that matters in the business or this day's competitive advantage.

As Markos, (2010) written when we see the evolution of employee engagement, concept is relatively new for HRM and appeared in the literatures for nearly two decades. Engagement emanates from two concepts that have won academic recognition and have been the subjects of empirical research. These concepts are Commitment and Organizational Citizen Behavior. Employee engagement has similarities to and overlaps with the above these two concepts. As Markos,S stated that neither commitment nor OCB reflect sufficiently two aspects of engagement-its two-way nature, and the extent to which engaged employees are expected to have an element of business awareness, even though it appears that engagement overlaps with the two concepts. In other word when we say two-way nature its advantage and its disadvantage is for both employee and organization. Also its responsibility to increase employee engagement emerged from both employee and organization side. The writer also distinguished employee engagement and the two prior concepts- Commitment and OCB; on the ground that engagement clearly demonstrates that it is a two-way mutual process between the employee and the organization.

Currently the author define employee engagement as “a positive attitude held by the employee towards the organization and its value. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.”

As Commercial Bank of Ethiopia Report May 2013 states The CBE recognizes that employee engagement is a strong determinant of employee productivity and the bank has

implemented initiatives aimed at identifying and ultimately addressing bank wide employee engagement and retention issues. Employee engagement and retention is believed to be a contributory factor to the CBE's vision to become a world-class bank by the year 2025 and successful business outcomes are in part, predicated on its employees commitment and passion to achieving the bank's strategic objectives. (Commercial Bank of Ethiopia Report May 2013)

In an effort to better understand engagement and retention drivers in the bank, an employee Engagement and Retention survey was conducted between January and February 2013 for the first time in CBE by the suggestion of School of Frankfort Consulting Team. For the second time the engagement and retention survey was conducted 2014 by the Employment Relation section in CBE. By considering the increment of turnover 2014/15 was 2.69% and 2015/16 it become 3 .27%, The researcher wants to identify the factors by more scientific methods, identifying the more critical ones instead of all factors (like the above surveys) to concentrate and helping the management to implement with more practical recommendation and with the ways which should participate all employees and management. In addition factors affecting engagement will change time to time according to the organization policies and procedures as well as other external factors so, searching the factors are more influential and tackle them is the ongoing process . Loosing experienced staff and having disengaged employees who cannot own its vision and act accordingly costs CBE a lot. Thus studying about employee engagement is very important. And also with the remaining 8 years CBE will become World class bank, with 67% engagement rate I am afraid how we can achieve it.

Commercial Bank of Ethiopia senior management understands the crucial effect of employee engagement. Thus, CBE survey employee engagement on 2014/15 before three years. In addition the outcome of the study recommendation is not visible to the employee as well as

for the line managers. This creates gap between the understanding of the issue and implementation. No one affects an employee's engagement as much as his or her immediate leader. Engaged leaders coach proactively for success, inspire loyalty and trust, and build an environment in which employees are motivated and engaged. To foster an environment of engagement, organizations need strong systems and strategies that promote and support engagement. Hiring and selection systems that measure motivation and the propensity for engagement, leadership training in certain skills (coaching, influencing others, managing change), performance management and accountability systems that provided direction, support, and objective assessments—all work together to provide a foundation and environment in which engagement can flourish. CBE give a lot of trainings to line managers by considering but still there is a gap in line managers understanding. The opening of new branches and promoting professional to managerial level is the ongoing process. Now CBE has more than one thousand one hundred branches including outlying branches. Thus trained all of them is a bit difficult.

1.2. Background of the Organization

On 15th April 1943, the **State Bank of Ethiopia** commenced full operations acting as the central Bank of Ethiopia with power to issue bank notes as the agent of the Ministry of Finance. The Ethiopian Monetary & Banking law (1963) separated the function of commercial and Central Banking to NBE & CBE in a way that **The National Bank of Ethiopia** as the country's central bank, has the regulatory and financial advisor role and **The Commercial Bank of Ethiopia**: handles commercial operations.

Commercial Bank of Ethiopia was incorporated as a share company on December 16, 1963 per proclamation number 207-1955 to take over the commercial banking activities of the

former state Bank of Ethiopia. Under this name, it began operation on January 1, 1964, with a capital of Ethiopian Birr 20,000,000 and served for about 16 years. The bank was wholly owned by the state and operated as an autonomous institution under the commercial code of Ethiopia under the socialist regime in Ethiopia (1974-1991).

The Commercial Bank of Ethiopia Share Company and Addis Bank had identical objectives power and duties. Hence, the socialist regime saw it necessary to merge them in order to eliminate the duplication of efforts and bring them under a centralized banking structure; consequently, the present day commercial Bank of Ethiopia was established under proclamation No.184 of August 2, 1980 (Belay, 1987).

The CBE now has more than 1,149 Branches across 15 Districts and a subsidiary in South Sudan. Its Vision is **To be a world-class commercial bank by the year 2025 with the Mission of** : We are committed to best realize stakeholders' needs through enhanced financial intermediation globally and supporting national development priorities, by deploying highly motivated, skilled, and disciplined employees as well as state-of-the-art technology. We strongly believe that winning the public confidence is the basis of our success.

Commercial Bank of Ethiopia provides three major services which comprises of Domestic banking service, International banking service and recently E-payment services.

1.3. Statement of the Problem

Business operations these days are facing lots of challenges due to increase in competition among competitors. To win this competition the basic thing is confirming whether the employee, are emotionally attached with the organization or not. If the organization has employees who are emotionally attached to their organization, their job and their colleagues, it is

obvious that the organization will achieve its objective. The degree of attachment is correlated with the employee's ability and/ or willingness to performance optimizing behavior as well as their decision to stay in the organization. Commercial Bank of Ethiopia's management recognizes the need to address engagement and retention issues which, if not properly managed, could hinder the achievement of the CBE's targeted business outcomes.

Even if the CBE studied before three years (it shows the level of engagement in CBE is 67%) and identify some factors that influence employee engagement, the researcher believes employee engagement should be studied each year due to the rapid change in the banking industry and globalization. The researcher also believes the issue must get serious attention beyond surveying and knowing the level of engagement so that sensitive factors which affect employee engagement will be addressed quickly to retain employees.

Looking in to the employee turnover record of the employees in the Bank may give some indication about the level of employee engagement. In CBE yearly HR report starting from July 1, 2014-June 30, 2015 from a total of 22,908 employees, 616 (2.69%) left the bank. Among them 394 (64%) were voluntary and 222 (36%) of them were involuntary. Starting from July 1, 2015-June 2016, from a total of 28,467 employees 930 (3.27%) employees left the bank. Among them 731 or 78.6% were voluntary and 199 or 21.4% of them were involuntary. Now in the first quarter of 2016/17 budget year among 28,278 employee 224 (0.80%) employees left among them 172 or 76.78% voluntary and 52 or % of them were involuntary. Even though World at work.org (2012) state the average turnover is 15% the rate that is acceptable to the organization is 10% and put CBE as the healthy origination the researcher wants to add employees who are disengaged emotionally while they physically work there as indicators.

This study focused merely on factors affecting employee engagement by considering turnover as one symptom. Because staying in the organization is the one indication of employee engagement. Unengaged employees detach themselves physically or emotionally with the organization's vision, mission and objectives and in addition emotionally detached. Unengaged employee has an impact on the organization performance, to help the organization to achieve the vision of the organization and being a winner with in its competitors or left behind from its competitors.

Having an input for the management about what factors affect the employees engagement is crucial to go forward and become a world class bank. Also in the employees side when they are emotionally attached their productivity and retention will be increased.

1.4. Research Objective

Research objective guides the direction of a research. The general and specific objectives of this research are presented below.

1.4.1. General Objective

The general objective of the study is to identify factors affecting employee engagement at Commercial Bank of Ethiopia.

1.4.2. Specific Objectives

This study, specifically seeks to achieve the following objectives:-

1. To measure the level of employee engagement in Commercial Bank of Ethiopia;
2. To identify the major factors which really affect employee engagement and see whether open communication, Salary and benefit, job satisfaction, promotion, opportunity to learn new skill, work life balance are real factors which affect employee engagement in CBE and to identify the magnitude of effect.

1.5. Research Questions

The study will undertake to answer the following basic questions?

1. What is the level of employee engagement in Commercial Bank of Ethiopia?
2. What are the critical factors affecting employee engagements?
3. What is the magnitude of each factor that affects employee engagement?

1.6. Significance of the Study

Since employee engagement is critical to the achievement of the organization objective this study is therefore to help the Bank's management to give more attention to this highly crucial issue of the business. The finding of this study has also the following importance in general:

1. It provides solution for Commercial Bank of Ethiopia Human Resource Department focuses on factors affecting employment engagement and it may give them an idea of where employees engagement is currently seen and what they should do in the future. Also to review its benefit package, promotion and other policies and over all employee relation.
2. It helps the bank to understand the importance of employee engagement on the achievement of its vision and maximize its overall performance like profit, service, quality, productivity, customer satisfaction, and stockholders interest.
3. It will help to other researchers who want to conduct further study on the subject in the future and for the industry as an input.

1.7. Scope of the Study

Commercial Bank of Ethiopia has 15 districts and different Head office organs under its domain. The total number of employees is 28,278 as at June 2016. Among the employees 9,698 which mean 33.98% of CBE employees are in Addis Ababa Districts. Addis Ababa has four districts which has a total of 255 branches among 1,149 branches of CBE. Along with the 255 Addis Ababa District, 110 are in outlying area which can represent the remaining outlying districts. In addition from total of 3,045 are available in the H.O. Among them 526 employees are in Credit Management and 301 in HR.

However, the scope of this study focuses on employees who has Grade 9 and above job grades in Addis Ababa Districts. As the CBE Human Resource Management direction employees who have above one year experience as a Junior Officer (Entry title) will get Grade 9 which represent Customer Service Officer and above .The reason why I focused on this is because to get Grade 9 the employees at least stay in the organization for at least for one year because the researcher believe that they are familiar with the concepts to be raised in the questionnaire. So the total population size become employees under Addis Ababa districts who are Grade 9 and above which is 6,575, Credit 470,and HR 149 total 7,094 employees.

Based on the above facts and using quantitative and qualitative method the researcher do believe the four Addis Ababa Districts and two departments in the H.O one from core process (Credit Department) and one from support process (Human Resource) represent CBE in this study.

It is known that torn over may occur voluntarily and invocatory. Conceptually this paper focuses on the factors affecting employee engagement. Particularly based on voluntarily resign during the past two years.

1.8. Limitations of the study

Even if the researcher tried to incorporate outlined branches, the findings of this study can very well be applicable to all branches of CBE in Ethiopia, it would have been even better if it had some branches in particularly remote areas with greater hardship been represented in the data collection endeavor. Also some longitudinal analysis would have added up to the strength of the findings.

1.9. Organization of the Study

The research thesis is organized under five chapters. Chapter one deals with introduction, Chapter two Review of Related Literature, Chapter Three Research Methodology, Chapter Four Data Presentation and Analysis , Interpretation and discussion of results, Chapter Five Key Findings, Conclusions, Implications , Recommendation , Reference and Annex

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter gives an overview of literature that is related to the research problem on employee engagement. This literature review tries to cover the concept of employee engagement, employee satisfaction and employee happiness, the difference between employee engagement and employee satisfaction, factors affecting employee engagement like open communication, salary and benefit, job satisfaction, promotion, opportunity to learn new skill, work life balance , the importance of employee engagement, employee engagement competitive advantage, Relation between employee engagement and employee turnover and employee engagement in Commercial Bank of Ethiopia will be presented in this chapter.

2. Literature Review

2.1. Definition of Employee Engagement

Different literatures define employee engagement in different way. William (1990) completed some of the earliest work on engagement and defined engagement as, “the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances.” The Gallup Organization, potentially the most widely recognized name associated with employee engagement due to their best-selling book, “First, Break All the Rules,” defines engaged employees as those who, “work with a passion and feel a profound

connection to their company” and “drive innovation and move the organization forward” (Gullup organization, 2006).

According to Macey and Schneider (2008), Employee engagement is a desirable condition. It has an organizational purpose, and connotes involvement, commitment, passion, enthusiasm, focused effort, and energy, so it has both attitudinal and behavioral components. Employee Engagement was defined by Kahn (1990) as “the harnessing of organization members” selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances”.

The other approach to the concept of engagement was in research on burnout. Maslach and Leiter (1997) and Maslach et al. (2001) conceptualized engagement as opposite or the positive antithesis to the three burnout dimensions: exhaustion, cynicism, and sense of inefficacy. Schaufeli et al. (2002) provided a an additional approach for employee engagement, asserting that job engagement and burnout were independent states of mind and inversely related to each other. They defined engagement as a positive, fulfilling, work related state of mind that is characterized by vigor, dedication, and absorption. Vigor refers to the feeling of physical energy, emotional strength, willingness to invest effort, and endurance of difficulties. Dedication is characterized by a sense of significance, enthusiasm, inspiration, pride, and challenge.

Wellins and Concelman (2005) suggested that engagement is an amalgamation of commitment, loyalty, productivity and ownership.” Wellins and Concelman (2005) further said that engagement is the illusive force that motivates employees to higher (or lower) levels of performance.”

The British Broadcasting Corporation (BBC) prefers not to use the term ‘engagement’ because they feel one would never use it to describe how they are feeling. The BBC definition is “creating a shared meaning and understanding in such a way that our people actively want to participate” (Shaw, 2005).

Rothbard (2001) definition described engagement as a psychological presence with two key mechanisms, attention and absorption. Attention is “cognitive ability and the amount of time one spends thinking about a role” and absorption is “being engrossed in a role and refers to the intensity of one’s focus on a role” Saks, (2006). On the other hand when we see engagement as a Competitive advantage, As Development Dimensions International Inc. defined Williams R. et.al (2004) fully engaged workforce is a loyal workforce—expect turnover to drop. In addition, an engaged workforce will give the extra effort for organization needs to remain competitive.

From the above definitions and understanding in general, it can be concluded that employee Engagement is a psychological construct, although, in research literature it is not very precise, rather commonly it is used to refer to both role performance and an effective state. It is actually much deeper than simply an incentive program. If one wants to change people’s behavior, then it becomes necessary to understand as how they view their life, to make engagement program effective for the company.

It is clear that there are many different concepts being used to define employee engagement and very few of these concepts span across definitions. In addition, forms of commitment are used to describe engagement implying they are one in the same and raising issues that will be discussed later in this paper. Another concern related to all of these definitions of employee engagement is that they are all very broad, overarching concepts that

seem to be vision statements rather than definitions and as such provide very little direction for practitioners trying to implement the concept on the front line Shaw, (2005). Therefore, anyone interested in incorporating employee engagement into their organization must first determine which definition to use and then what that definition actually means to the rest of the organization.

Commercial Bank Ethiopia in its previous survey use the definition that “*Engagement is a workplace approach designed to ensure that employees are committed to their organization’s goals and values motivated to contribute to organizational success; and are able at the same time to enhance their own sense of well-being.*” Commercial Bank of Ethiopia Employee Engagement Survey Report (2014/15). It is concept describe engagement as commitment.

2.2. The difference between Employee Satisfaction and Employee Engagement

Many people confused about the difference of employee satisfaction and employee engagement. Employee Satisfaction measure employee’s “happiness” with current job and conditions; it does not measure how much effort the employee is willing to expend. Employee Engagement measure employee’s emotional commitment to an organization; it takes into account the amount of discretionary effort an employee expends on behalf of the organization. To make it more clear, let us see the difference (Commercial Bank of Ethiopia Employment Relation section survey 2014/15)

Satisfaction is about how employees feel. It is about their happiness with the existing working conditions. It is a one way street and focuses on self in which one will ask “what can you do for me?” A satisfied or happy employee may not necessarily demonstrate a lot of initiative or extra effort. However satisfaction is important to maintain a positive work

environment. On the other hand Employee engagement is about how employees behave, their commitment and discretionary effort. An engaged employee is likely, but not necessarily happy or satisfied but exerts extra effort to get the job done. It is a two way street in which one asks what can we do together in partnership. It is about enthusiasm for work. Engagement is required to ensure productivity and is crucial to retain top performers and drive performance.

2.3. What Employee Engagement Is Not

Knowing what it is not make the definition of engagement clear. As Kyle (October 23, 2012) explained employee engagement isn't an HR initiative. Although HR is often tasked with spearheading projects to boost engagement, every person in a management role is responsible for driving engagement, especially the CEO or top management. "The CEO/or top management may not be directly responsible for keeping every employee engaged, but (s)he is responsible for creating and maintaining an environment where employees understand why the work they do is meaningful."

In addition it's important to understand that engagement isn't a "project" with a clear set of deliverables and a completion date. You're never "done" working on engagement. It's a continuous process.

2.4. Engaged and Disengaged employees

HR practitioners believe that the engagement challenge has a lot to do with how employee feels about the work experience and how he or she is treated in the organization. It has a lot to do with emotions which are fundamentally related to drive bottom line success in a company. There will always be people who never give their best efforts no matter how hard HR

and line managers try to engage them. “But for the most part, employees want to commit to companies because doing so satisfies a powerful and a basic need in connection with and contribute to something Vazirani (2007) pp.4-5 . As Vazirani explain the basic aspects of employee engagement according are the employees and their own unique psychological makeup and experience, their ability to create the conditions that promote employee engagement and the interaction between employees at all levels.

Thus it is largely the organization’s responsibility to create an environment and culture conducive to this partnership, and a win-win equation. Categories of Employee Engagement According to the Gallup the Consulting organization there are different types of people:-

1. **Engaged--"Engaged"** employees are builders. They want to know the desired expectations for their role so they can meet and exceed them. They're naturally curious about their company and their place in it. They perform at consistently high levels. They want to use their talents and strengths at work every day. They work with passion and they drive innovation and move their organization forward
2. **Not Engaged---Not-engaged** employees tend to concentrate on tasks rather than the goals and outcomes they are expected to accomplish. They want to be told what to do just so they can do it and say they have finished. They focus on accomplishing tasks vs. achieving an outcome. Employees who are *not-engaged* tend to feel their contributions are being overlooked, and their potential is not being tapped. They often feel this way because they don't have productive relationships with their managers or with their coworkers

3. **Actively Disengaged**--The "*actively disengaged*" employees are the "cave dwellers." They're "Consistently against Virtually Everything." They're not just happy at work; they're busy acting out their unhappiness. They sow seeds of negativity at every opportunity. Every day, actively disengaged workers undermine what their engaged coworkers accomplish. As workers increasingly rely on each other to generate products and services, the problems and tensions that are fostered by *actively disengaged* workers can cause great damage to an organization's functioning.

2.5. Importance of Engagement

Engagement is important for managers to cultivate given that disengagement or alienation is central to the problem of workers' lack of commitment and motivation **Vazirani (2007) pp.4-5**. Meaningless work is often associated with apathy and detachment from ones works. In such conditions, individuals are thought to be estranged from their selves Seeman, (1972). Other Research using a different resource of engagement (involvement and enthusiasm) has linked it to such variables as employee turnover, customer satisfaction – loyalty, safety and to a lesser degree, productivity and profitability criteria Harter, Schmidt & Hayes, (2002).

An organization's capacity to manage employee engagement is closely related to its ability to achieve high performance levels and superior business results.

When we see some of the advantages of engaged employees which is engaged employee will stay with the company and are an advocate for the company. They are motivated and perform better. They have an emotional connection with the company. This by itself impacts their attitude towards the company's clients and herby improves customer satisfaction and service levels. In addition, employee engagement also builds passion, commitment and alignment with the organizations strategies and goals. It increases employee's trust on the

origination and creates a sense of loyalty in a competitive environment. It also provides a high energy working environment, boosts business growth and makes the employee effective brand ambassadors for the company.

A highly engaged employee will consistently deliver beyond expectations. In the workplace research on employee engagement, Harter, Schmidt, and Hayes (2002) have repeatedly asked employees ‘whether they have the opportunity to do what they do best everyday’ while one in five employees strongly agree with this statement. Those work units scoring higher on this perception had substantially higher performance.

Thus, employee engagement is critical to any organization that seeks to retain valued employees. As organizations globalize and become more dependent on technology in a virtual working environment, there is a greater need to connect and engage with employees to provide them with an organizational ‘identity.

2.6. Factors Affecting Employee Engagement

Studies have shown that there are some critical factors which lead to Employee engagement. The researcher will deal with some of them in the following sections.

1. Career Development-

As Conrad (2013) posted, by considering organizational structure and education, career development opportunities are essential part of employee engagement. In fact, key driver analyses consistently show that development of career is the second most impactful way of increasing employee engagement, after recognition.

As Neeta (2011) stated that Career Development is an opportunities for Personal Development. Organizations with high levels of engagement provide employees with opportunities to develop their abilities, learn new skills, acquire new knowledge and realize their potential. When companies plan for the career paths of their employees and invest in them in this way their

people invest in them. Effective Management of Talent or Career development influences engagement for employees and retaining the most talented employees and providing opportunities for personal development.

Simply put, if peoples' desire to make advancement in their own career is not fuelled, they will begin looking for work elsewhere. Opportunities to move up the career ladder often come down to availability of open positions—waiting for someone to die or retire to move up in the company is a sad reality for many people. When promotions seem like a waiting game to employees, organizations are at risk of turnover. Known organizational hierarchies are steadily shifting from a pyramid structure to a flat structure. The previous common organizational charts showed a few people at the top and steadily more middle managers all the way down to the lowest level. It seemed like everyone managed someone else. In recent years, the trend has been to eliminate middle management positions in order to create a structure of fewer managers. What was once the corporate ladder is now the corporate lattice, with more opportunities for employees to move up by actually moving laterally.

A flat organizational structure has its pluses and minuses. While the structure may be benefit to organizational processes overall, it is important to examine how it affects employees. Having less managers can be good for employees because it allows more freedom and autonomy. It can also help increase work flow and speed up the decision-making process, as projects do not have to be approved by so many individuals in the management hierarchy.

However, employees can consider a flat organizational structure as simply offering limited opportunities for career advancement. When managing others is not a common job duty, employees can perceive it as limiting to their career. Since so many organizations still have a pyramid structure, the experience of managing others is often an essential professional skill. If

employees cannot obtain management skills at their current organization, it could be limiting to their career growth should they ever choose to leave the organization.

After all, if two people have the same qualification, except one has management experience and one does not, the person with management experience will likely have a comparative advantage in the job market.

Organizations with a flat structure are generally not providing this advantage and oftentimes do not recognize how this might be limiting to their engagement with employees. On the other hand Managers should encourage employees to take full advantage of any educational opportunities their organization offers. Gaining additional education will allow employees to stay up-to-date in their field, as well as give them the tools they need to perform better in their jobs. Additionally, taking advantage of company programs, like mentoring will give employees guidance on the best direction to take their career as well as the knowledge they will need to get there.

When it comes to educational advancement, employers need to remember that by helping their employees grow, they will ultimately help the organization grow. Engaging in these types of programs ultimately is a win-win for all parties involved.

Hypothesis 1 : Career development positively affect employee engagement in CBE

2. Clarity of Company Value

Javascrpts (2007) Managers who can clearly communicate where their company is going and why everyone is doing what they are doing are generally much more successful when it comes to engaging their staff. Nevertheless, they will still often be completely in the dark about why a valued employee decides to leave.

As she stated (the above writer) a poll of 14,000 employees, across Europe has suggested that those companies that provide their employees with a clear "line of sight" when it comes to vision and direction tend to have a much more committed, engaged and productive workforce.

The most important driver for ensuring employee engagement was strategic direction, with other key drivers of engagement being employer communication, the attention given to customer focus within the organization and performance management. Also it helps to build trust in the company and its management and creates a positive environment where all employees have well understood shared goals.

As Neeta (2011) clearly stated Employees need to feel that the core values for which their companies stand are unambiguous and clear. This makes employees more engaged than before.

Hypothesis 2: Clarity of Company Value positively affects employee engagement.

3. Employee justice perceptions and coworker relationships

As jobs have become more broadly defined and collaboration with colleagues has become increasingly important for accomplishing work, coworker relationships are especially critical to manage effectively. As Forret, and Love (2008) studied the distributive, procedural, and interactional justice perceptions are related to perceptions of coworkers. The distribution of rewards, organizational policies and procedures, and interpersonal treatment by supervisors are related to coworker trust and morale. The results of this study highlight the importance of fairness in rewards, procedures, and treatment for productive coworker relationships. Suggestions are provided for managers to enhance perceptions of distributive, procedural, and interactional justice in the workplace.

Hypothesis 3: Employee justice perceptions and coworker relationships positively affects employee engagement.

4. *Total Reward*

Salary and benefit: The Company should have a proper pay system so that the employees are motivated to work in the organization. In order to boost his engagement levels the employees should also be provided with certain benefits and compensations. As Scott and McMullen, June (2010) Studied total rewards structures, programs and policies influence employee engagement. However, what is also evident is that the majority of compensation professionals do not necessarily consider how total rewards programs affect employee engagement in the design of rewards structures, policies and programs. The lessons learned from this study and the recommendations for supporting employee engagement through total rewards programs include the five points. The first one is organizations that encourage managers to engage employees by making it a performance criteria and rewarding engagement through incentive programs indicate that their organizations more effectively foster employee engagement and motivation then those organizations that do not. As such, if compensation professionals wish to encourage employee engagement, in a way by develop performance metrics that measure the extent to which supervisors or managers encourage engagement among their subordinates. After specifically define employee engagement and include it as goal in the strategic plan then rewarding supervisors and managers for developing employee engagement among their subordinates and peers.

The second one, as the study confirms, the impact of different categories of rewards programs on engagement was studied, it was discovered that base pay and benefits had the overall weakest relationship with the organization's ability to foster high levels of employee

engagement and motivation compared to incentives, intangible rewards and quality of leadership on engagement. Quality of leadership had the strongest relationship with effectively engaging and motivating employees. Thus, compensation professionals should use pay packages to attract leaders who have demonstrated their ability to engage employees and think in terms of total rewards and not just financial rewards like develop employee engagement resources that are directed toward work environment or organization climate, work-life balance and the nature of the job and quality of the work, and career opportunities.

The third one is the gold standard in terms of building cooperation and commitment involvement. Studies indicated this was true for the design, implementation and assessment of total rewards programs. Although supervisors and managers are involved in the design, implementation and assessment of rewards programs more frequently than employees, their involvement is still relatively infrequent. Thus, involvement in the design, implementation and evaluation of total rewards programs offers a direct way for compensation professionals to enhance employee engagement. So, employee understanding of compensation strategy, programs and policies — assuming compensation is based on common notions of fairness — provide a foundation for engaging employees.

To sum up as Neeta (2011) stated the company should have a proper pay system so that the employees are motivated to work in the organization. In order to boost his engagement levels the employees should also be provided with certain benefits and compensations.

Hypothesis 4: *Total Reward* positively affect employee engagement

5. *Health and Safety:*

Health and safety is a key factor in employee engagement. If workers feel healthy and safe, they also feel their employer is supportive and committed to their well-being and

satisfaction. According to Kenexa (2013) an IBM Company, workers who feel the organization cares about their well-being are roughly four times more likely to be engaged than those who don't. To expand on what Wolfe-Gregoire says above, it sets both them and the business up for success. For example workplaces where employees work under conditions of debilitating stress or even just beside others who are over-stressed experience decreasing employee satisfaction, social and work disruption due to under-performance, presenteeism or absenteeism, increasing stress on everybody, greater conflict, less innovation, collaboration and motivation, decreasing meeting of deadlines and reduced quality of customer service.

Research published in 2008 contends that reduced labour force participation (e.g., absenteeism and presenters) due to depression, chronic depression, bipolar disorder, social anxiety disorder, panic disorder, and agoraphobia already costs the Canadian economy \$20.7 billion a year. By 2030, these costs are expected to reach \$29.1 billion.

One of the strongest risk factors for presenters is depression. About 4% of working adults experience a depression at any one time. While depression may occur for many reasons having nothing to do with the workplace, treating employees well can mitigate the effects and help depressed workers become more productive. Conversely, treating workers poorly can reduce morale and productivity, increase turnover, and possibly lead to lawsuits, human rights claims, and health and safety complaints.

Workplaces that knowingly mistreat employees, watch out. Two recent cases suggest that juries are increasingly prepared to punish employers for improper conduct towards workers. In Ontario, a jury awarded an employee \$1.4 million for workplace harassment and violence that led to constructive dismissal. In BC, a long-service employee received \$800,000 in a wrongful dismissal case. According to the Kenexa Research Institute, among the top 10 drivers of

employee engagement at least three of these drivers involve health, safety and well-being. "This includes security of environment, employment, resources, health, property, etc.," explains WSPS key account manager Jennifer MacFarlane. "It's a basic need for employees. According to Maslow's hierarchy of needs, health, safety and well-being are only one level above our most basic needs - food, water, sleep, etc. So, if a business doesn't look after workers' health, safety and well-being, then they will never be able to achieve their full potential."

As Neeta (2011) indicates that the engagement levels are low if the employee does not feel secure while working. Therefore every organization should adopt appropriate methods and systems for the health and safety of their employees.

Hypothesis 5: Health and safety positively affects employee engagement positively.

6. *Open Communication:*

Every person will have their own way of communicating, and each person will have an individual way in which they want to be communicated to. We are unique, so what we need to 'engage' us can sometimes be hard to find, let alone get it right when trying to communicate to your staff as a collective group. So how does an organization ensure that the messages they want to get across are communicated effectively and that it does in fact help to improve employee engagement? *Dale Carnegie & Associates (2012)* states that a multinational organization in the field of energy, had undertaken a leadership excellence project to build a talent pipeline and manage capabilities that lead to highly engaged employees. Also in a study of how reward programs impact employee engagement it was found that employee's understanding of the strategies, programs and systems in place for compensation lead to greater level of engagement among them. Long-term engagement starts with good communication between employer and employees as well as among co-workers. Line managers can be significant contributors to improving

employee engagement. Coaching and training to increase levels of self-awareness are vital ingredients of their personal development journey. Once each line manager in your organization fully understands themselves, they are better able to identify the similarities and differences with others which helps them connect with those people on an individual basis. Since these are the managers that have the most day-to-day interaction with your people, they should be the focus of your leadership development in the area of communicating to increase engagement.

Help ensure line managers and employee communicate effectively. Line managers should also be a part of the engagement conversation with HR and senior management because they need to fully understand the goals and objectives of increasing engagement if they are going to play a big part in increasing it. For some managers, this will be a shift in their personal style, but fostering a culture that is open and honest amongst all team members has a tremendous impact on engagement and business outcomes. So, it's critical that your line managers are all on board with this approach.

When line managers and employees communicate effectively, it provides clarity around what is being asked of them. It also allows for greater understanding of the role they play and can aid personal development as employees may be encouraged to take part in new initiatives. Help managers by suggesting various ways to connect, especially if they have more than a handful of reports and communication isn't happening every day.

Keep in mind that the most effective communication will be that one-to-one time where discussions are open. This means sometimes getting off track and talking about non-critical business issues – and that's ok. It's during those moments that relationships are built and strengthened, where some of the most creative ideas can be sparked and where the strongest connections are made.

These discussions are made more difficult when people are working remotely or when everyone just seems ‘too busy’ to have a chat. So use technology to your advantage. Ask managers to IM their reports just to ask how their day is going. Consider an intranet site where people can post pictures, status updates and comment on each other’s posts. In general everyone wants to feel that they matter, so when employees recognize that their opinions make a difference, they are more likely to actively engage in the culture. So encourage employees to be vocal. Give them lots of different routes to make their voices heard so that they can find a communication option that works best for them.

Communication is the cornerstone of an engaged workforce. Implementing some of these best practices will help to connect with employees and move towards an engaged workforce, contributing to the most successful business outcomes.

Thus as Neeta (2011) assure that the company should follow the open door policy. There should be both upward and downward communication with the use of appropriate communication channels in the organization. If the employee is given a say in the decision making and has the right to be heard by his boss than the engagement levels are likely to be high.

In addition Sandeep,et.al (2008) give emphasis for open communication like this, effective communications was found to be a factor as engagement levels were affected by the amount of information employees received about how well the company was performing and how they contributed to the company achieving its business objectives. Furthermore, employees having involvement in decisions’ affecting their job or work was also associated with high levels of engagement.

Hypothesis 6: Open communication positively affects employee engagement.

7. Employee Empowerment

Employee empowerment is a *component* of employee engagement. The more employees feel like they have the authority to make decisions about *how* their work is done, the more engaged they become in their work and company. Empowerment leads to greater collaboration and sharing of ideas. It can also lead to productivity gains and increased performance. Employee engagement suffers if employees don't have the authority to do their jobs to the best of their abilities.

Employee engagement describes how committed and energized employees are about their jobs. Because empowerment is only a component of engagement, an employee can be entirely empowered without being engaged. This could be caused by low compensation, a jerk boss, or burnout. To achieve employee engagement an organization needs some level of empowerment, but employee empowerment alone does not ensure employee engagement.

Aamir (2013) explained that employees feel that they should be able to express their views for decisions that might affect their functions. The leadership of highly engaged workplaces makes a challenging and trusting environment, wherein employees are urged to disagree with prevailing orthodox practices, to innovate and help the organization grow. The ability of employees to give their views to the senior management also impacts engagement. It was also found that control along with rewards and recognition and value fit predicts employee engagement. It was also found that higher commitment to supervisor enhances an employees' engagement levels which leads to higher learning and finally to innovation at the workplace.

Albrecht (2011) states that the employees feel empowered when they sense that their manager has an empowering style¹⁵ which in turn provides motivation and belongingness to the company thereby making him more engaged.

Hypothesis 7: Employee Empowerment positively affects employee engagement.

8. Ethical Leadership

Johannsen, Valde, & Whedbee, (2008) leads Leadership is a nested influence in an organization that affects organizational culture, structures, communication climates, systems, and the attitudes and behaviors of employees. Many effective leadership behaviors and styles have ethical elements; for instance, *authentic* leadership involves a positive moral perspective that guides decision-making, like honesty, altruism, kindness, fair treatment, accountability, and optimism. *Transformational* leadership is inspiring, stimulating, visionary, and empowering, which also has an ethical indication. However, ethical leadership doesn't involve just these elements. According to leadership and applied psychology researchers, the definition of ethical leadership has seven distinct dimensions: fair treatment, power sharing, role clarification, people orientation, integrity, ethical guidance, and concern for sustainability. Kalshoven, Den Hartog & De Hoogh, (2011)

In response engaged employees make a huge difference in an organization. Employees generally feel trusted, cared for, and experience genuine concern when they're managed by ethical leaders. Thus, they tend to respond by focusing on their work, being proud of and optimistic about the organization, and by being willing to go beyond their duties. Also, employees who are managed by leaders that reward ethical behavior, clarify ethical guidelines,

and show concern for sustainability issues often feel positive toward the organization. The halo effect makes employees engaged too.

Based on the research, as a summary, ethical leaders should fair, empower employees, clarify roles, genuinely care, be accountable, and give ethical guidance and environmental friendly leadership increase employee engagement.

Hypothesis 8: Ethical Leadership positively affects employee engagement.

9. Job Satisfaction

As West (2016). Keeping an employee engaged goes beyond what an employer offers to an employee, whether that means a higher salary, free coffee, or a good retirement and pension plan. “Engagement” is about what an employee offers the company they work for. While a satisfied employee shows up, an engaged employee strives to play a role that will make the company better. They are more productive and come up with innovative ideas that will help the company grow and prosper. They put themselves into their job, because they feel that they have a vested interest in it. But in another term engagement factors include meaning, autonomy, growth, impact and connection. Employee satisfaction is the foundation upon which employee engagement can grow and thrive.

In addition Neeta (2011) affirmed that only a satisfied employee can become an engaged employee. Therefore it is very essential for an organization to see to it that the job given to the employee matches his career goals which will make him enjoy his work and he would ultimately be satisfied with his job.

Hypothesis 9: Job Satisfaction positively affects employee engagement.

10. Promotion

An employee's perception of internal growth and development opportunities is one of the more important predictors of employee engagement. Jhanjeri (2016) the writer found at the written comments surrounding growth and development issues suggest that employees attach their perceptions of opportunities for growth and development to promotions, increased pay, and advancement prospects. In other words, career advancement and promotions are what employees see as giving them growth and development opportunities. Training and skill development alone appear to be ineffective for increasing perceived opportunities for growth and development. Employees see career advancement and promotion as most representative of the company's development possibilities.

For many organizations, advancements and promotions can be likely because of struggling business operations. Focus on small promotions, payment increases, and advancements. Keep talking about career advancement. As the perceived growth and development opportunities increase, so will employee engagement.

Alan (2006) Promotions are an important form of recognition that an employee is doing an excellent job. It leads to employee engagement. Engaged employees lead to higher service, quality and productivity, which leads to higher customer satisfaction which leads to increased sales, which leads to higher levels of profit, which leads to higher shareholder returns.

Hypothesis 10: Promotion has an impact on employee engagement positively.

11. Opportunity to learn new skill,

As Kirke (2012) stated, an engaged workforce who possess the necessary skills, knowledge and expertise is crucial for any organization who wants to achieve high levels of business

success. In our current challenging and competitive business environment, learning and development has never been more important as a means to keep employees engaged and maintain that competitive advantage. Good employee engagement training focuses on teaching the skills which are needed to do this effectively.

Jhanjeri(2016) Organizations with high levels of engagement provide employees with opportunities to enhance their abilities/capability, learn new skills, acquire new knowledge and realize their potential.

AndrewaOlogbo (2012) Also states that adequate level of employee development via training, skills and learning can result in making employees more engaged with respect to the job and the organization. During an economic downturn, it is tempting to slash or even remove training budgets. However, this is a short term view which will inevitably produce dire long term consequences. Thriving organizations rely on their people to perform consistently well. This can only be achieved if they are feeling engaged and motivated.

The right training and development can greatly enhance employee engagement by nurturing talent and helping people to learn new things and improve their performance. Most people want to feel that they are doing a good job and that they are valued by their organization for the part they play.

In addition, few people like to remain static in a work environment and prefer to have variety in their work and see development potential in their role. Learning and development provides a way to address all of these human needs and greatly improves employee engagement. Companies who invest in their people through training and development are also viewed more favorably by employees than those in organizations who don't.

However, if training and development is to make a significant impact on employee engagement, employees must see the benefits to themselves of undertaking training activities. This is where many good intentions fall short.

Organizations that are keen to demonstrate their commitment to their people can sometimes get carried away with the “sheep dip” approach to training – leaving some people confused about the rationale behind attending it.

In order to harness the positive effects of training, employees have to see the link between where they are now and where they want to get to and how training is going to bridge this gap. It sounds obvious but without this being made explicit, organizations run the risk of training and development being viewed as a chore instead of a reward.

The answer is to link training and development to specific objectives and the only way to make this work effectively is for managers to have one-on-one conversations with their people about the purpose of training and what’s in it for them. Asking people what they think they need and setting specific learning objectives is crucial at this stage.

Done efficiently, learning and development will then provide the means to motivate and engage employees like never before. People will feel valued for their contribution and they will understand that the organization supports them to be the best that they can be. Developing people really is key to having an engaged workforce and achieving business success.

Hypothesis 11: Opportunity to learn to affect employee engagement positively.

12. Work-life Balance

Admin (2016) stated that employees who feel they have a good work-life balance work 21% harder than those don’t, according to a survey by the Corporate Executive Board, which

represents 80% of Fortune 500 companies. Employee happiness and employee engagement have become major business issues now. In this era, if organizations do not ensure ways to balance their employee's work and personal life, it might cost them heavily. If you want to hire and retain your employees, you need to give them flexible options that suit their needs. Having a good balance between work and personal life not only improves overall productivity, but also keeps employee morale and motivation levels up. Employee engagement efforts mainly aim towards achieving better output; managing demands and making employees feel more valued. Employee engagement through a variety of means like trainings, on boarding, constant interactions and feedback can drastically improve work-life balance and could be the most effective ways to keep employees engaged, committed and productive.

Everybody around is busy at work and not being busy is a rare phenomenon. This is because increasing workload and too many goals make it difficult to draw the line between work and life. The line seems blurry to most who are desperately looking to create a balance between work and their personal lives and do not have much control over the amount of time that they spend at work. How people structure their day varies from profession to profession. Some jobs are more demanding and time consuming than others. Hence, what helps create a balance might differ from person to person or organization to organization. There are no set of rules to follow to get that balance, look for what works best for you and your team. However, it is very important to find the way out; or else the work load overflowing in personal space might negatively impact the overall performance of a company.

It is very important for an employee to feel engaged. An engaged employee, who feels valued at work, feels that the game is fair, tends to be more productive (more output for less input) than the rest. A happy and engaged employee might be able to deliver more in less time and successfully achieve a work-life balance. The person most responsible for this is the

employee himself; however, the employer can also play a key role in ensuring both are achieved at acceptable levels. Companies must find ways to keep employees happy while they are working and get enough time for family, friends and recreation. It is important to train employees to ensure timely delivery of work and avoid over-time as much as possible.

In general a person's family life influences his work life. When an employee realizes that the organization is considering his family's benefits also, he will have an emotional attachment with the organization which leads to engagement. Jhanjeri (2016) also highlights a person's family life influences his work life. When an employee realizes that the organization is considering his family's benefits also, he will have an emotional attachment with the organization which leads to engagement.

Hypothesis 12: Work life balance affects employee engagement positively.

13. *Performance appraisal:*

Gruman and Saks (2011) There is a better way. Organizations can and should focus more on measurable, time-bound goals. What is the organization hoping to achieve and how does the employee fit into this equation? Some employees need to understand the big picture and how their individual, unique contributions have an impact on the success of the organization.

Employee goals need to have clear action steps and due dates so that the employee understands what needs to be achieved in order to have acceptable performance. Instead of circling numbers on a rating scale, the performance evaluation conversation shifts to something more substantive. This type of conversation can also help with engagement. The employee feels more empowered to talk about what's going well, as well as areas where they may need some guidance or additional training.

When employees and managers understand the why behind what they're doing, there's typically more buy-in and engagement in the process. Your high performing employees will most certainly be on board with creating and achieving goals that help the organization reach its fullest. Fair evaluation of an employee's performance is an important criterion for determining

the level of employee engagement. The company which follows an appropriate performance appraisal technique (which is transparent and not biased) will have high levels of employee engagement. In general the literature review depicts various factors which affects employee engagement in an organization.

This study reveals some factors which can enhance employee engagement. Neeta (2011) bold that fair evaluation of an employee's performance is an important criterion for determining the level of employee engagement. The company which follows an appropriate performance appraisal technique (which is transparent and not biased) will have high levels of employee engagement.

Hypothesis 13: Performance appraisal affects employee engagement positively.

As per the literature mentioned in the above all factors has a positive impact on employee engagement. To be focused in critical factors below the researcher present the choosing factors from the literature review by considering the current status of Commercial Bank of Ethiopia.

2.7. Conceptual Frame Work Description

As we see in the above literature my primary interest, engagement is the dependent variable which the above factors, total reward, career Development, clarity of company value, employee justice perceptions and perceptions and co-workers relationships, health and safety, communication, employee empowerment, ethical leadership, job satisfaction, opportunity to learn new skill, Performance appraisal, work life balance, promotion, affect it positively or negatively. The listed factors are the independent variable that has effect engagement in different level and way.

Different literatures Neeta (2011) , Gruman and Saks (2011), (Admin 2016), West (2016). ,Kalshoven, Den Hartog & De Hoogh, 2011, Johannsen, Valde, & Whedbee, (2008), Albrecht (2011), Aamir and others give emphasis to different factors. Among the above factors some of them are practicing in Commercial Bank of Ethiopia. For example Career Development there is a section which name is Career Development and Seccession Management. This section has successors pool for the next employee position. The employee will get different training which equipped them to the expected position. CBE are implementing new performance management system, thus Specific measurable, achievable and time bounded critical target are given to every employees. This makes all employees know the vision, mission and value of the organization. Clarity of company value is not the critical factor which we have to know for this particular paper. Among the nine values teamwork is one of them also employee justice perceptions and coworkers relation is already considered and the bank give focuses. Health and safety is one factor which has influence to employee engagement. CBE has its own clinic which serves employees and also has a contract with different known hospitalist in the country and outside the country. Therefore employees are 100% insured. In addition by recognizing the stressful working culture CBE has Gymnasium for its employees. The remaining factors are as we see in the literature part are very crucial. The factors are:

- 1. Open communication.** It is the continuous process and is the cornerstone of an engaged workforce as the presented literature indicates. Its contribution to the achievement of organization objective is vital. Also it is a day to day activity, all activities are performed through open communication.
- 2. Salary and benefit in general Total rewards**

Thus, involvement in the design, implementation and evaluation of total rewards programs offers a direct way for compensation professionals to enhance employee engagement. So, employee understanding of compensation strategy, programs and policies — assuming compensation is based on common notions of fairness — provide a foundation for engaging employees.

3. **Job satisfaction:** in my belief taking about the fruit before the ground is not appropriate. ‘Employee satisfaction is the foundation upon which employee engagement can grow and thrive’. West (2014).
4. **Promotion:** the expectation of employees mostly is there are a lot of promotions in CBE. Off course in relation of expansion of branches there was a lot. But now the expansion is not as previous. Branch expansion is not going aggressively like before. Now the bank strategy is changed in to E-payment products (ATM Card, Mobile Banking, Internet banking and Point of Sale). Therefore expectation and reality may be different so I want this factor and check.
5. **Opportunity to learn new skill:** even if trainings are aggressively given to the employees employee wants more opportunity. So I want to check its magnitude in employee engagement.
6. **Work life balance:** employees spent most of their time in the office. Balancing personal life and work create happiness and motivation level at work. Caring about his life means caring about his work, and caring about the employee himself.

Statement of Hypothesis

H4. Total Reward affects employee engagement positively.

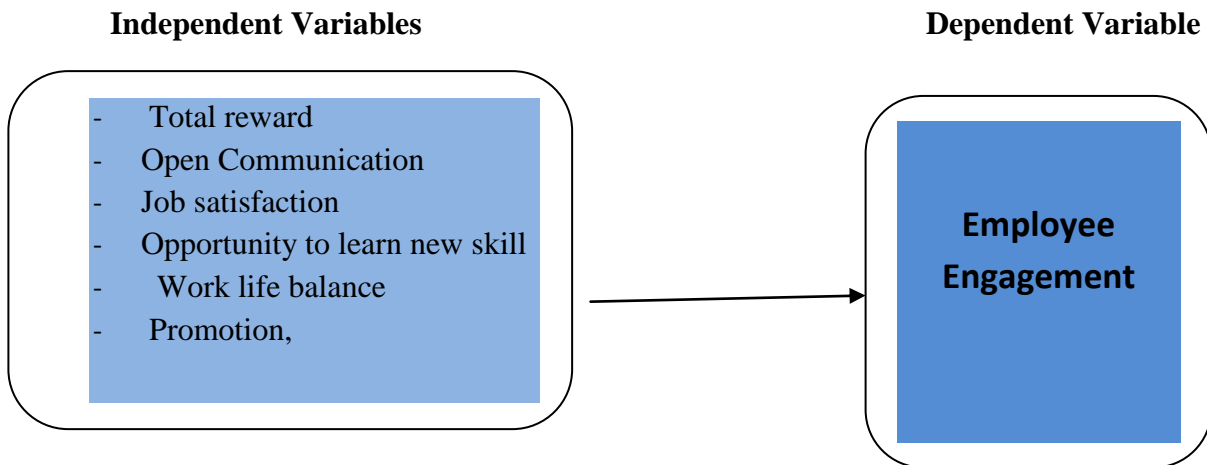
H6. Open Communication affects employee engagement positively.

H9. Job Satisfaction affects employee engagement positively.

H10. Employee Promotion affects employee engagement positively.

H11. Opportunity to learn affects employee engagement positively.

H12. Work Life Balance affects employee engagement positively.



As the above literatures show that all critical factors affect employee engagement positively and the absence of them will make disengagement.

2.8. Empirical Framework

Various related studies are conducted by different researchers in different parts of the world. However, there are limited numbers of studies conducted in Ethiopia on the Factor Affecting Employee Engagement.

The study conducted by Derra (2014) shows that job characteristics, rewards and recognition, organization justice are determinants of employee engagement in CBE. Social exchange theory serves as reliable base encompassing the impact of these variables on employee engagement.

In addition the study conducted by Arti C. et.al (2016) shows that Engaging employees is a long term task and cannot be accomplished by one training program, no matter how good its quality is. Organizations can improve engagement by opportunity thinking, enhancing employee decision-making, and commitment. Organizations need to instil a sense of involvement, positive emotions about their work and a sense of community in their employees. Emphasis should be

given employee opinions and opportunities should be provided to them to be heard. Transparency from the senior leadership will also make the organization culture more open. Based on the above findings from the research it was suggested that organizations use appropriate training programmes to ensure supervisors build a supportive environment to empower their subordinates

By the same token the study conducted by Soni (2016) on **FACTORS INFLUENCING EMPLOYEE ENGAGEMENT: A STUDY OF DIVERSE WORKFORCE** focuses on employees which are found in India, followed by Africa and Europe. Moreover, the study discusses the influence of personality factor on employee engagement. Results of the study confirm that there is a significant influence of personality factor on employee engagement. And also out of the five dimensions of climate, the study also found that there are three dimensions such as job characteristics, pay and benefits, and organization citizenship behavior that have emerged as predictors of employee engagement.

2.9. Measuring Current Level of Employee Engagement

Employee engagement satisfaction surveys determine the current level of employee engagement. A well-administered satisfaction survey will let us know at what level of engagement the employees are operating. Customizable employee surveys will provide with a starting point towards the efforts to optimize employee engagement. The key to successful employee satisfaction surveys is to pay close attention to the feedback from the staff. It is important that employee engagement is not viewed as a one-time action. Employee engagement should be a continuous process of measuring, analyzing, defining and implementing. The employee survey is a diagnostic tool of choice in the battle for the hearts of employees. Many names are used for this survey; an engagement survey, an attitude survey, works climate improvement survey, etc. Even more structures and survey questions are recommended concerning the best way to measure employee engagement.

The Gallup study highlights twelve key elements that form the foundation of strong engagement and believes these elements can be accessed through twelve questions (Thackray, 2001). The questions are concerned about the responsibility of employee and organization, the opportunity of the employee, supervisor and coworker responsibility and knowledge about the mission/purpose of the company.

The Institute for Employment Studies (IES) also did a study and found, “twelve attitude statements representing engagement were tested; all were found to ‘sit together’ reliably, to comprise a single indicator of engagement.” But, the IES elements are not a clear match to those of Gallup and IES also state that a subset of five questions is allowed (Robinson et al, 2004) if twelve questions are unmanageable.

Another measurement example comes from Development Dimensions International (DDI). DDI has their own measure, “E3,” which assess three key elements of engagement (individual value, focused work, and interpersonal support) as well as provides a standard measure for employee satisfaction, which they feel is a result or consequence of engaging employees.

Kieron (2005), reviewed employee engagement research and measurement proposals of many entities including Gallup, Towers Perrin, ISR, and Accenture. Concerning *how* to measure, Shaw’s study struggles to provide any real clarification. Shaw offers suggestions based on, sifting through our desk research and interviews and trying to subject the ideas to some reasoned analysis” and breaks engagement questions into three macro categories: climate, driver, and outcome. In the end, Shaw (2005) states, “It’s arguably unfeasible to directly measure in the survey all the actions behind engagement,” due to the fact

that, “there are potentially thousands of different individual actions, attitudes, and processes that affect engagement.” (Dilke C. et.al 2007).

According to the above study the service – profit chain establishes relationship between profitability, customer loyalty and employee satisfaction, loyalty and productivity. The links in the chain (which should be regarded as propositions) are as follows: profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer’s satisfaction. Satisfaction is largely influenced by the services provided to customers. Satisfied, loyal and productive employees create value. Employee’s satisfaction in turn results primarily from high quality support services and policies that enable employees to deliver results to customers. While many organizations are beginning to measure relationship between individual links in the service only a few have related the links in the meaningful ways that can lead to comprehensive strategies for achieving lasting competitive advantage of building employee engagement. In a study of its seven telephone customer service centers (MCI found that there is a clear relationship between employee’s perceptions of the quality of services and employee engagement.

Thus, identify the problem areas which lead to disengaged employees. After that taking action to improve employee engagement by acting upon the problem areas is the second step. Nothing is more discouraging to employees than to be asked for their feedback and see no movement toward resolution of their issues. Even the smallest actions taken to address concerns will let the staff know how their input is valued. Feeling valued will boost morale, motivate and encourage future input. Taking action starts with listening to employee feedback and a definitive action plan will need to be put in place finally.

Above all measurements for this particular thesis the researcher decided to use Gallup study which has 12 question measures engagement. The reason why the researcher selected this measurement is that it has positive emotional connection to the work, a contribution in adding an additional 'P' to the 4 P's of marketing i.e. product, price, and promotion place and now people to the mix. In the combination of engaged employees, Gallup brings engaged customers to form the concept of human sigma. These include customer engagement, loyalty and emotional attachment. Customer engagement hierarchy, customer engagement scores and developing the culture of engagement and customer focus. Also the Gallup Organization decided to initiate a multi-year research project to try and define a great workplace - a great workplace was one where employees were satisfied with their jobs and this helps to produce positive business outcomes.

CHAPTER THREE

RESEARCH METHODOLOGY

3. This chapter illustrates the research approach which I developed to answer the research questions.

3.1. Description of the Study Area

This research was conducted in Commercial Bank of Ethiopia specifically Addis Ababa Areas and two Head office organs, Human resource department and Credit Department. As a data collection center I used West Addis Ababa District Training Center which is located at Abakoran Branch building.

3.2. Research Approach

The research approach use in this research is quantitative and qualitative. I used descriptive research approach. The reason for choosing quantitative and qualitative research approach is to meet the purpose of examining how independent variable affects a dependent variable. In this case, independent variables are factors like open communication, Salary and benefit, job satisfaction, promotion, opportunity to learn new skill, work life balance affect employee engagement and the dependent variable is employee engagement.

3.3. Research Design

Descriptive and explanatory research designs will be used as main research design of this study and use to describe the factors that affect engagement.

3.4. Population of the Study

The population of this research is the four districts which are North Addis Ababa District, West Addis Ababa District, East Addis Ababa District, South Addis Ababa District, credit

Management and HR employees. So the total population size become employees under Addis Ababa districts who are Grade 9 and above which is 6,575, Credit 470, and HR 149 total 7,094 employees.

3.5. Sample Size Determination

To get maximum number of employees in one place I selected low and high performer (by current performance) branches from each district. The researcher will use the following formula to determine the sample size of the four districts and two Head Office organs. Because the sample size is big the researcher will use the formula developed by Taro Yamane (1967). It is calculated as follows:

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

Where; **n** is the sample size

N is the population size, (7,094)

e is the level of precision or sampling error=(0.05)

$$n = \frac{7,094}{1 + 7,094 (.05)^2} = 379$$

Since the numbers of people in each sample districts are not the same, there will be a need to proportionate this for each district and calculate using the following formula:

$$n = \frac{nN1}{N}$$

Where; n= total number of samples

N= total number of population

N1= total number of population in each district

Table 3.1: Lists Districts. H.O and sample appropriation

Name of District	Total No. of Population	%age of Population	Sample size from district/Office
North District	1,884	26	98
South District	1564	22	83
East District	1510	21	80
West District	1617	23	87
Head Office			
Credit Mgt.	470	6	23
HR	149	2	8
Total	7,094	100%	379

Source: Develop for this research

After sample size in each branch determined, I used simple random sampling methods to select the sample from the available population to ensure that employees representing all locations and Job Grade categories were included in the sample. I identify them first identifying by their performance, second by their Grade and third by their place (city and outlying).

3.6. Data Sources and Types

I used primary and secondary data sources. Primary data collected by questioner and interview. And secondary data source are Literature, book's publisher, Performance Report and Consultant Document and any other relevant document. The primary data questioners are close ended questioner and organized interview questions for HR Managers and HR partners, etc.

3.7. Data Collection Procedures

Survey administration was coordinated with the help of my assistance. The researcher assistance helped to distribute and collect the questioner. Before distributing questioner the researcher got the district Human Managers face to face to discuss about the objective of the paper and got permission for appointment to distribute the questioner in each branch. First went to West Addis Ababa District, then South Addis Ababa District, East Addis Ababa District, North Addis Ababa District and finally to Head Office. Most of the time employees were busy to give the questioner so to collect it the researcher took another appointment and researcher assistance collected them.

3.8. Limitation

As I mentioned in the above I select Customer Service Officers/Branch Controllers as a sample and above job grade. This group did not give appropriate attention for the study paper because of limited understanding about the benefit of engagement and time. Even if the researcher tried to explain the benefit with little briefing as planned it was difficult to get sample size questioner. Thus distribute more than the sample size was the way out to get sample size respondent. Therefore 400 questioners distributed to get 379 respondents who filled the questioner. In the future it is better to give more awareness to get adequate information.

Also some longitudinal analysis would have added up to the strength of the findings.

3.9. Ethical Consideration

This research was administered under the condition of confidentiality to encourage employee honesty and openness. Accordingly there is no need to include names or ID numbers on the questionnaires and the assistant will was responsible for ensuring all questionnaires distributed were completely filled and returned to the researcher within the specified timeframe.

The questionnaires was self-explanatory and the assistant will be instructed to provide further explanation to respondents only on request and contact me if she is not able to address issues that may come up during survey administration

3.10. Data Analysis

First the researcher reviewed whether the questionnaires were filled with full attention and consideration. Then, coded the contents of the questionnaire and entered into SPSS environment. Then present descriptive statistical results by tables, frequency distributions and percentages to give a condense picture of the data. This was achieved through summary of statistics, which includes the means, mode and standard deviations values which are compute for each variable in this study.

Statistical Package for Social Science (SPSS) software version 20 was employed by the researcher to analyze and present the data. The statistical tools which the researcher used for this study are namely descriptive analysis, correlation and linear Regression.

3.11. Study Variables

Independent Variables: Factors affecting employee engagement like open communication, Salary and benefit, job satisfaction, promotion, opportunity to learn new skill, work life balance

Dependent variable: Employee Engagement

3.12. Reliability and Validity

Reliability and validity are both vital elements of every research. These items are crucial and deserve full recognition by all who are engaged in research of any kind. “Reliability refers to the stability and consistency of the results derived from research. The instrument content will were asses using expert judgment and Likert-type’s scales in research.

Reliability

The research topic involves personal attitudes and feelings towards engagement of the answers and/or employees might not have been interested in or willing to reveal their true feelings. In addition, Open-ended questionnaires would have been difficult to r and also time consuming. Thus closed questions are reliable for this particular research. The researcher used most popular test of inter item consistency reliability test which is Cronbach's coefficient alpha.

Validity

Measuring the validation of the research method is to examine to what extent the research method can be used to identify areas where the CBE needs to improve its engagement level. The researcher used face validity which is advisor approval (experts) and standard questioner.

CHAPTER 4

DATA PRESENTATION AND ANALYSES

In this chapter, the study attempted to examine the factors affecting employee engagement. Therefore, the findings of the study were presented and analyzed in this chapter. The questionnaire was developed using five-point Likert scales ranging from five to one; where 5 represents Strongly agree, 4 agree, 3 Neutral, 2 disagree, and 1 strongly disagree. A total of 400 questionnaires were distributed to employees and 379 (100%) questionnaire were obtained valid and used for analysis.

The collected data were presented and analyzed using SPSS 20 software version. The study used correlation analysis to measure the degree of association between different variables under consideration. Linear Regression as also used to test the effect of independent variable on dependent variable.

4. Data Analysis

4.1. Demographic Background of the Respondents

The demographic profile of the respondents was presented in this section. The personal profiles of the respondents were analyzed as per their gender, age, levels of educational achievements, year of service, Branch Grade, and place of branch. Descriptive statistics were performed on the demographic variables as a means of describing the respondents.

Table: 4.1 Demographic Backgrounds

Variables	Classification of variables	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	259	68.3	68.3	68.3
	Female	120	31.7	31.7	100.0
	Total	379	100.0	100.0	
Age	18-29 Years	236	62.3	62.3	62.3
	30-45 Years	123	32.5	32.5	94.7
	46-59 Years	13	3.4	3.4	98.2
	>60 Years	7	1.8	1.8	100.0
	Total	379	100.0	100.0	
Years of Service	1-2 years	82	21.6	21.6	21.6
	3-4years	117	30.9	30.9	52.5
	>5 years	180	47.5	47.5	100.0
	Total	379	100.0	100.0	
Educational Level	Diploma	36	9.5	9.5	9.5
	First degree and above	343	90.5	90.5	100.0
	Total	379	100.0	100.0	
Marital Status	Single	220	58.0	58.0	58.0
	Married	150	39.6	39.6	97.6
	Others	9	2.4	2.4	100.0
	Total	379	100.0	100.0	
Branch Grade	Grade 1	45	11.9	11.9	11.9
	Grade2	79	20.8	20.8	32.7
	Grade 3	14	3.7	3.7	36.4
	Grade 4	241	63.6	63.6	100.0
	Total	379	100.0	100.0	
Place of Branch	city	310	81.8	81.8	81.8
	outlying	69	18.2	18.2	100.0
	Total	379	100.0	100.0	

Source, Survey 2017

The above table 4.1 indicated about demographic background first gender. Of the respondents and from the targeted respondents 120 employees (31.7%) are female and the remaining 259 (68.3%) are male employees. These shows in CBE the composition of sex are dominated by male. So CBE must continue to motivate female employees during recruitment process to eliminate the unbalanced sex.

In the second stage it indicated that 236 (62.3%) of the respondents are from age 18-29, 123 (32.5%) of the respondents are between 30-45 age category, 13(3.4%) of the respondents are between 46-59 age category, 7(1.8%) of the respondents are above 60 years age category.

As the survey shows us the majority of employees are lies in the age of 18-29. i.e the young generation contains the majority share so that CBE must focuses on this age to get the greater part employees category.

In the third stage it indicated about work experience, the subjects were divided into four groups according to the number of years of service with the organization (group One: 1 to 2 year, group Two: 3-4 group 3: more than 5 years, and group 4: for others if any). The number respondents whose service in the Bank between 1 to 2 years is 82 respondent has 21.6% ,117 respondents have 3-4 year service year and the major part of respondent 180 and 47.5% have failed in the 3rd group who has more than 5 years experience.

This result also supports the above age category finding. The lesser the experience means in other word the younger in age. As the survey indicated CBE has more than half employees who have less than 5 years experience (52.5%). This shows us still the major parts of employee are the younger generation and focuses must give to this category which is active labor force and expected to serve the organization for longer time .

In the fourth stage it indicated about Educational level, the subjects were divided into Five in the questioner but my target group are above Grade 9 employees who has a minimum of diploma so that in this table we could not get the three groups which are Group One primary school, Group two High school and Group three Certificate. The highest percentage 343(90.5%) were holders of Bachelor's degree, the remaining 36(9.5%) were Diploma holders. It also implies all respondents are within the Bank's acceptable minimum educational qualification for Grade 9 and above job title.

The fifth stage indicated that 220(58%) of the respondents are single, 150 (39.6%) of the respondents are married and 9(2.4%) of the respondents are neither single nor married.

In the sixth stage it indicated that 45 (11.9%) of the respondents are working at Grade I branches, 79 (20.8%) of the respondents are working at Grade 2 branches, 14(3.7%) of the respondents are working at Grade 3 branches and 241(63.6) respondent are working at Grade 4 branch. Even if the number of Grade III and Grade IV branch are 74 in the bank wide, number of staffs who are working there are greater in number. They have a number of same job grade employees and also have an opportunity to have a number of employees who has similar work experience. Focuses must be gives to such branch so that we can get same kind of employees in one area at the same time than Grade I and II branch.

In the final stage the table indicated that 310 (81.8%) of the respondents are working at city branches and 69 (18.2%) of the respondents are working at outlying branches.

4.2. Reliability Test

According to Field (2005), Pallant (2013) if Cronbach's alpha higher than 0.7 indicates internal consistency on the instrument. Cronbach alphas were produced for each sub used for dependent and independent variable and the results are presented as follows in Table 4.8.

Table 4.2 Reliability Test

Summary of Measures

Variable	Measure	No. of Items in the Scale	Cronbach's Alpha Result (α)
Employee Engagement	Gallup (provide full source)	12	.824
Open Communication	Project for MBA.Com	5	.729
Total Reward	Project for MBA.Com	7	.758
Job Satisfaction	Project for MBA.Com	11	.871
Promotion	Project for MBA.Com	4	.776
Work Life Balance	Project for MBA.Com	7	.841
Opportunity Learn new Skill	Project for MBA.Com	4	.784

The results show Cronbach's alphas ranging from 0.729 to 0.871. These alpha coefficients of all independent and dependent factor questionnaire are higher than the conventional level of 0.7, suggesting that each subscale used in the study had acceptable internal consistency and hence reliable in measuring what they were designed to measure.

4.3. Descriptive Analysis

The following table shows the number of question items properly filled and the dimensions of dependent and independent variables

Table 4.3 Descriptive Statistics**Descriptive Statistics**

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Open Communication	379	1	5	3.48	.790
Total Reward	379	1	5	2.73	.780
Job Satisfaction	379	1	5	3.38	.730
Promotion	379	1	5	3.02	.952
Work Life Balance	379	1	5	3.13	.827
Opportunity to learn	379	1	5	3.48	.878
Employee Engagement (overall)	379	2	5	3.92	.633
Valid N (listwise)	379				

Table 4.3. The results in the table show that when the respondents were asked to express their level of agreement about the existence of **Open Communication in** their work environment, their mean response was found out to be had 3.48 (SD=.790) on a 5 point scale. This indicates, on the average, respondents did not agreed about that open communication exists without much variation. Same as **Opportunity to learn** which had mean 3.48 (SD= .878), Also when the respondents were asked to express their level of agreement about the existence of **Job Satisfaction** their mean response was found out to be 3.38 (SD= .730) on a 5 point scale. This also indicates on the average, respondents did not agreed about the Job Satisfaction exist without much variation.

At the same time when respondents were asked to express their level of agreement about the existence of **Work Life Balance** in their work environment, their mean response was found out to be 3.13 (SD=.827)on a 5 point scale. This indicates, on the average respondent did not agreed about that Work life balance exists without much variation.

Same as the there when respondents were asked to express their level of agreement about the existence of promotion in their work environment, their mean response was found out to be 3.02 (SD=.952) on a 5 point scale. This indicates, on the average respondent did not agreed about that Promotion exists without much variation.

The least but still respondents express their level of agreement about the existence of **Total Reward** in their work environment, their mean response was found out to be 2.73 (SD=.7when respondents were asked to express their level of agreement about the existence of **Work Life Balance** in their work environment, their mean response was found out to be 3.13 (SD=.827) on a 5 point scale. This indicates, on the average respondent did not agreed about that Work life balance exists without much variation on a 5 point scale. This indicates, on the average respondent disagree about that Total Reward exists without much variation.

Overall when respondents were asked to express their level of agreement about the existence of **Work Employee Engagement** in their work environment, their mean response was found out to be 3.92 (SD=.0.633)on a 5 point scale. This indicates, on the average respondent agreed about that Employee Engagement exists with average variation. In other word the sample shows us more than half respondent respond (strongly agreed and agreed (79.1%) employee engagement is manifest CBE's. The other 19.0 is neutral but 1.8% of the respondent respond in CBE employee engagement level is below 5% .This implies that employees who are engaged are 79.1% which is currently greater than Commercial Bank of Ethiopia Employee 'Engagement Survey Report' (2014/15), survey which stated employee engagement was 67%.

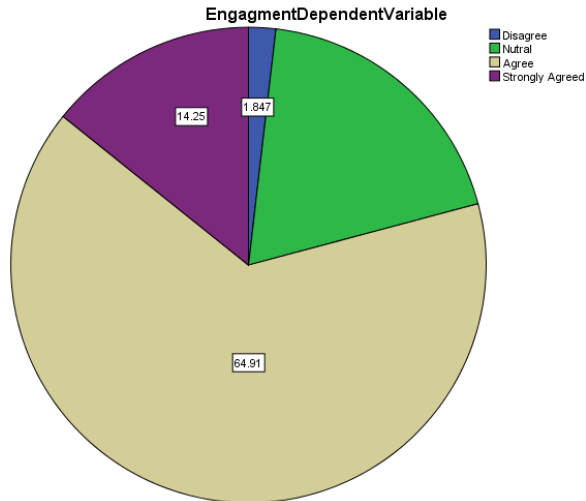


Fig. 4.1 Diagram Current Engagement Level in CBE

The above explanation implies that among the six independent variables five of them which are Open Communication, Job Satisfaction, Promotion, Work Life Balance and Opportunity to Learn are lies on did not agree. They did not feel the existence of those factors. When we see Total Reward employees lies on disagree on the 5 point scale means they are not comfortable with the total reward which is given by CBE. On the other side when we see Employees' engagement they agree employee engagement existence. Focuses must be given to the five factors by prioritize Total Reward to increase employee engagement.

On the other hand when we see the mean of employee engagement (overall) it is more than the other independent factors(3.92), it seems controversial but it tells us that factors affecting employee engagement are not only the above factors. The twelve Gallup questions tuched a lot of factors in addition to the mentioned independent factors.

Table 4.4 Employee Engagement all questions

Descriptive Statistics

	N	Mean	Std. Deviation
I know what is expected of me at work.	379	4.15	1.088
I have the materials and equipment I need to do my work right.	379	3.60	1.128
At work, I have the opportunity to do what I do best every day.	379	3.57	1.082
In the last seven days, I received recognition or praise for doing good work.	379	2.58	1.245
My supervisor, or someone at work, seems to care about me as a person.	379	3.37	1.125
There is someone at work who encourages my development.	379	3.35	1.138
At work my opinions seem to count.	379	3.42	.979
The mission/purpose of my company makes me feel my job is important.	379	3.75	1.014
My associates (fellow employees) committed to doing quality work.	379	3.70	1.056
I have a best friend at work.	379	3.87	.970
In the last six months, someone at work talked to me about my progress.	379	3.31	1.139
In the last year, I had opportunities at work to learn and grow.	379	3.35	1.193
Valid N (listwise)	379		

As the table 4.4 indicates the first question “ I know what is expected of me at work”, “The mission/purpose of my company makes me feel my job is important” , “I have a best friend at work” and “My associates (fellow employees) committed to doing quality work”. Shows us Clarity of Company Value and Employee justice perceptions and coworker relationships are dominant for creating employee engagement than the other factors.

For further reference the researcher annex the descriptive statistics of all factors questions in detail.

4.4. Correlation

As cited by Andy (2010), Pearson's correlations require only that data are interval for it to be an accurate measure of the linear relationship between two variables. The correlation matrix is extremely useful for getting a rough idea of the relationships between predictors and the outcome, and for a preliminary look for multi co linearity. However, if we want to establish whether the correlation coefficient is significant, then more assumptions are required: for the test statistic to be valid data have to be normally distributed.

As presented in the below table 4.10, the SPSS output provides correlation coefficients for the variables. Each correlation coefficient with both the significance value of the correlation and the sample size (N) on which it is based, are displayed. The output shows that each variable is perfectly correlated with itself (obviously) and so $r=1$ along the diagonal of the table. As per the source of the same author, usually, social scientists accept any probability value above 0.05 as being statically meaningful and so any probability value below 0.05 is regarded as indicative of genuine effect. While, a correlation coefficient is a very useful way to summarize the relationship between two variables with a single number that falls between -1 and +1 (Welkowitz et al., 2006). And, as cited by Morgan et al. (2004) that -1 (a perfect negative correlation), 0.0 (no correlation) and +1(a perfect positive correlation)(Kazi, 2010). In addition I refer the under listed concept form Google. In statistics, the correlation coefficient r measures the strength and direction of a linear relationship between two variables on a scatter plot. The value of r is always between +1 and -1. To interpret its value, see which of the following values your correlation r is closest to:

Table 4.5 Value Explanation

Value	Interpretation
Exactly -1.	A perfect downhill (negative) linear relationship
-0.70	A strong downhill (negative) linear relationship
-0.50.	A moderate downhill (negative) relationship
-0.30.	A weak downhill (negative) linear relationship
0	No linear relationship
+0.30	A weak uphill (positive) linear relationship
+0.50	A moderate uphill (positive) relationship
+0.70	A strong uphill (positive) linear relationship
Exactly +1	A perfect uphill (positive) linear relationship

Under this part dependant and independent factor relationship is tested using the sample data collected and the resulted obtained from the output of the SPSS program. The details of each research objective and their interpretation will be presented as follows

Table 4.6 Correlations

		Open communication	Total reward	Job satisfaction	Promotion	Work life balance	Opportunity to learn	Engagement Dependent Variable
Open communication	Pearson Correlation	1	.388**	.499**	.361**	.407**	.330**	.572**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	379	379	379	379	379	379	379
Total reward	Pearson Correlation	.388**	1	.431**	.410**	.482**	.258**	.344**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	379	379	379	379	379	379	379
Job satisfaction	Pearson Correlation	.499**	.431**	1	.549**	.672**	.556**	.471**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	379	379	379	379	379	379	379
Promotion	Pearson Correlation	.361**	.410**	.549**	1	.641**	.477**	.347**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	379	379	379	379	379	379	379
Work life balance	Pearson Correlation	.407**	.482**	.672**	.641**	1	.570**	.381**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	379	379	379	379	379	379	379
Opportunity to learn	Pearson Correlation	.330**	.258**	.556**	.477**	.570**	1	.338**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	379	379	379	379	379	379	379
Engagement Dependent Variable	Pearson Correlation	.572**	.344**	.471**	.347**	.381**	.338**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	379	379	379	379	379	379	379

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

- The shaded values below and above 1 are mirror images.

Table 4.7

Descriptive Statistics			
	Mean	Std. Deviation	N
Engagement	3.92	.633	379
Open communication independent	3.48	.858	379
Total reward	2.74	.836	379
Job satisfaction	3.39	.826	379
Promotion	3.14	1.015	379
Work life balance	3.14	.874	379
Opportunity to learn	3.57	.910	379

Table 4.7 presents the results of vicariate correlation based on Pearson correlation statistics. Open Communication (M=3.48, SD=.790) moderately and positively correlated with overall employee engagement (M=3.93, SD .633), $r(379) = .572, P < 0.01$. The results of open communication were consistent with most of results on previous studies reviewed in chapter two which says it has a relationship with employee engagement. The upward, downward and side information exchange process makes employees updated about their organization, job and other relevant issues. Since they are updated they can involve in any matter of the organization. As Sandeep, et.al (2008) give emphasis for open communication like this, effective communications was found to be a factor as engagement levels were affected by the amount of information employees received about how well the company was performing and how they contributed to the company achieving its business objectives. Furthermore, employees having involvement in decisions' affecting their job or work was also associated with high levels of engagement.

For further reference See as example, studies like *Dale Carnegie & Associates (2012)*, Neeta (2011) and Sandeep,et.al (2008) respectively.

And also, there was a moderately and positively correlation between Total Reward (M=2.73, SD=.780) and employee engagement. A weak uphill (positive) linear relationship correlated with overall employee engagement (M=3.92, SD .633), $r(379) = .344$, $P < 0.01$. The company should have a proper pay system so that the employees are motivated to work in the organization. In order to boost his engagement levels the employees should also be provided with certain benefits and compensations. These findings are consistent with the many studies reviewed in chapter two in which it was reported that salary and benefit has a positive relationship with employee engagement. So for example studies by Scott D. and McMullen T., June (2010), and Neeta (2011)

There was a weak uphill (positive) correlation between Job satisfaction (M=3.38, SD=.730) with overall employee engagement (M=3.92,SD .633), $r(379)=.471$, $P < 0.01$. Realizing whether the job given to the employee matches his career goals is very important to make employee enjoy his work and to satisfied with his job. Furthermore, the study findings are consistent with those reported earlier in West (2016) and Neeta (2011) both of whom reported positive relationship between Job Satisfaction and employees' engagement.

When we see Promotion, there was a weak uphill (positive) linear relationship/correlation between (M=3.02, SD=.952) with overall employee engagement (M=3.92, SD .633), $r(379)=.347$, $P < 0.01$. In addition the study findings are consistent with those reported earlier in Jhanjeri (2016), Alan (2006) both of whom reported positive relationship between Promotion and employees' engagement.

And also, there was a weak uphill (positive) linear relationship correlation between Work life Balance (M=3.13, SD=.827) A weak uphill (positive) linear relationship correlated with overall employee engagement (M=3.92, SD .633), $r(379)=.381$, $P<0.01$. As indicated in analysis, When an employee realizes that the organization is considering his family's benefits also, he will have an emotional attachment with the organization which leads to engagement. In addition the findings are consistent with those reported earlier in (Admin 2016) and Jhanjeri (2016) both reported positive relationship between Work Life Balance and employees' engagement.

There was a weak uphill (positive) linear relationship /correlation between Opportunity to Learn (M=3.48, SD=.878) with overall employee engagement (M=3.92,SD .633), $r(379)=.338$, $P<0.01$.

This suggests that the study's fifth hypothesis that "Opportunity to learn positively affects employee engagement in CBE" could be supported. Furthermore, the study findings are consistent with those reported earlier in Kirke (2012), Jhanjeri(2016) and AndrewaOlogbo (2012) reported positive relationship between Opportunity to learn and employees' engagement.

On the other hand correlation hypotheses examined whether there is a positive relationship between employee engagement and independent factors by considering r or Pearson Correlation. Table able 4.6 presents the results of the relationships. Significant positive relationship was obtained between Job Satisfaction and open communication ($r=.499$, $p=.000$) . Results also reveals a positive and significant relationship between Job satisfaction and promotion ($r=.549$, $p=.000$), also between Job satisfaction and work life balance ($r=.672$, $p=.000$), between promotion and work life balance ($r=.641$, $p=.000$), between opportunity to learn and Job satisfaction ($r=.556$, $p=.000$), between opportunity to learn and work life balance ($r=.570$, $p=.000$) . Also the dependent factor employee engagement has significant positive relationship with open communication ($r=.572$, $p=.000$) and with job satisfaction($r=.471$, $p=.000$).

However, there was still weak but even statistically significant relationship (nearly to zero) between Total Reward and open communication($r=.388$, $p=.000$), between total reward and job satisfaction ($r=.431$, $p=.000$), between promotion and open communication ($r=.361$, $p=.000$), between promotion and total reward ($r=.431$, $p=.000$), work life balance and open communication ($r=.407$, $p=.000$), between opportunity to learn and open communication

($r=.330$, $p=.000$) and between opportunity to learn and total reward ($r=.258$, $p=.000$). Results also reveals still weak but even statistically significant relationship between employee engagement and total reward ($r=.344$, $p=.000$), employee engagement and promotion ($r=.347$, $p=.000$), employee engagement and work life balance ($r=.381$, $p=.000$) and employee engagement and opportunity to learn($r=.338$, $p=.000$).

As we see from the above analysis probability value above 0.05 as being statically meaningful effect on employee engagement and each other. The above result is supported different authors like Sandeep,et.al (2008) , *Dale Carnegie & Associates (2012)*, Neeta (2011) and others who are mention in the literature part. Any probability value below 0.05 is regarded as indicative of genuine effect. The above analyses also show us a factor which has below 0.05 probabilities has genuine effect but less effect than above 0.05.

In a summary, the results of correlation analysis indicated open communication had a moderate uphill (positive) relationship with employee's engagement, , Total reward has a weak uphill (positive) linear relationship correlation with employee engagement ,Job satisfaction has a weak uphill (positive) linear relationship correlations with employee's engagement ,promotion has A weak uphill (positive) linear relationship with employee engagement ,Work Life Balance has a weak uphill (positive) linear relationship with employee engagement , and the last one but not the least one Opportunity to learn has also weak uphill (positive) linear relationship with employee engagement. Thus according to the result open communication has more relation than the other factors which affect employee engagement.

Correlation analysis was conducted to assess the relationship with employee engagement and the selected factors. Thus all factors have a relationship with employee engagement. As illustrated in the above except open communication which has moderate uphill (positive) relationship all other factors have a weak uphill (positive) linear relationship.

4.5. Linear Regression Analysis

The linear regression analysis is the model includes explanatory variable (independent) and one explained variable (dependent), which was carried out to estimate the effect of factors (independent variables) on employees' engagement (dependent variable).

4.5.1. Assumptions of Linear Regression Model.

Five tests for classical linear regression model (CLRM) assumptions namely **normality, linearity, Homoscedasticity; Multicollinearity and independence of residual** are conducted and discussed as follows.

Test for Normality

Test of normality is determining whether the data is well modeled by normal distribution or not. This test of normal distribution could be checked by graphical (histogram and dot plot) method of tests. The normality assumption assumes a critical role when a study is dealing with a small sample size, data less than 100 observation. (Gujarati, D. 2004). Even though the normality assumption is not a treat since the observation or sample size of the study is large enough, more than 100 observations, the researcher tested it using normal probability plot (NPP). The decision rule is, if the fitted line in the NPP is approximately a straight line, one can conclude that the variables of interest are normally distributed. (Gujarati, D. 2004)

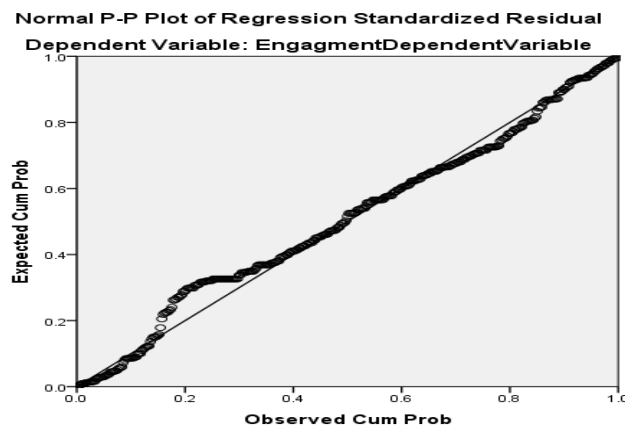


Fig. 4.2: Graphical test of Normality Assumption

Source; SPSS result of Normality, 2017

From the above figure, we can see that residuals of the model are approximately normally distributed, because the fitted line in the NPP is approximately a straight line.

Test for Linearity

Multiple linear regression models assume there must be a linear relationship between the independent variables and the dependent variables.

Homoscedasticity assumption means the range of variance for the dependent variable is uniform for all values of the independent variables. Both assumptions can be checked by scatter plot diagram stated below.

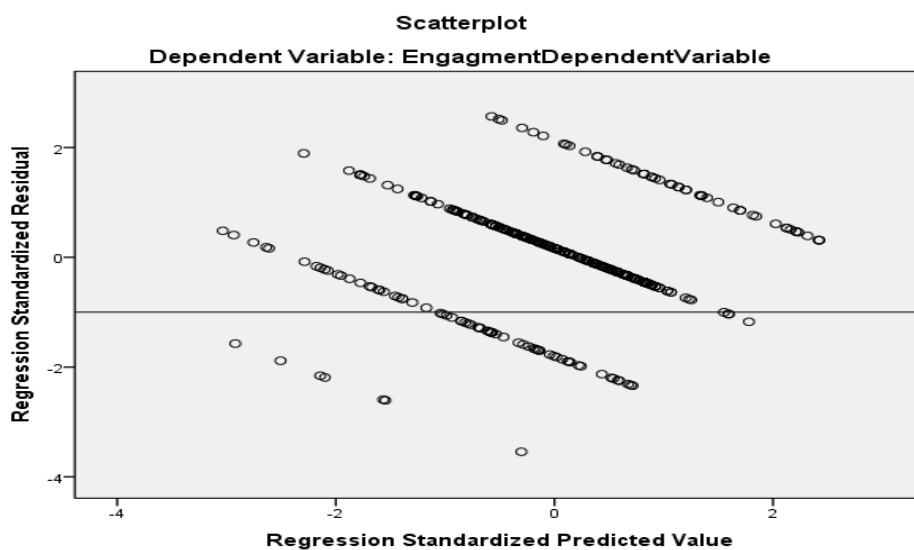


Fig. 4.3 Scatter plot diagram

Source; SPSS result, 2017

As we can see from the above diagram, both assumption are not serious threat to the study since one can draw one straight line to approximate the observations for all independent variables against the dependent variable. Scatter plot diagram shows the variance for the dependent variable is uniform and also the variance between the upper and lower cases of the observations are reasonably similar.

Test for Multicollinearity

Another assumption that must be met to undertake linear regression models is the assumption of multicollinearity. It's an indication for a linear relationship between the independent variables. (Gujarati, D. 2004).

Variable Inflation Factor (VIF) technique was used. The VIF is a measure of the reciprocal of the complement of the inter-correlation among the predictors: $VIF = 1 / (1 - r^2)$

The decision rule is a variable with VIF value of greater than 10 indicates the possible existence of multicollinearity problem. Tolerance (TOL) defined as $1/VIF$, it also used by many researchers to check on the degree of collinearity. The decision rule for Tolerance is, a variable whose TOL value is less than 0.1 shows the possible existence of multicollinearity problem. (Gujarati, D. 2004)

Table 4.8: VIF values of predictors

Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
Opencommunicationindependent	.767	1.305
Totalreward	.735	1.361
Jobsatisfaction	.510	1.959
Promotion	.572	1.747
Worklifebalance	.497	2.010
Oportunitytolearn	.646	1.549

a. Dependent Variable: Engagment Dependent Variable

Source; SPSS Results, 2017

The above table showed that VIF values for all variables became less than the tolerable value, i.e. 10. And Tolerance value of all variables also became above 0.1 which indicates that this model is free from multicollinearity problem between the dependent variables.

Test of Independent of Residuals

Multiple linear regression models assume the residuals are independent of one another. The Durbin-Watson statistic is used to test for the presence of serial correlation among the residuals. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are not correlated if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50.

Table 4.9 Test of Independence of Residuals

Model Summary^d

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.552 ^a	.304	.303	.528	
2	.592 ^b	.351	.347	.511	
3	.599 ^c	.359	.353	.509	2.088

Source; SPSS Results, 2017

From the table above, we can also understand that the assumption of independence of residuals is met. Generally, the study discussed five major assumptions that must be fulfilled for one to analyze data using multiple linear regression models. So, since all the five assumptions were not violated, the researcher examined the data collected by the questionnaires using linear regression models as follow.

Results of Linear Regression

Table 4.10

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.605 ^a	.366	.355	.508

a. Predictors: (Constant), Opportunity to learn, Total reward, Open communication , Promotion, Job satisfaction, Work life balance

Table 4.10 presents a summary of the model in which the item of interest is the adjusted R² statistics, which is .355. This suggests predictor's accounts for 35.5% of the variation in employees' engagement.

Table 4.11

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	55.300	6	9.217	35.715	.000 ^b
Residual	95.998	372	.258		
Total	151.298	378			

a. Dependent Variable: Engagement Dependent Variable

b. Predictors: (Constant), Opportunity to learn, Total reward, Open communication independent, Promotion, Job satisfaction, Work life balance

Table 4.11 presents the analysis of variance (ANOVA) results. It is also known as model fit results. The results show that the F-statistics is 35.715% ($p < 0.01$). The results indicate that the model’s hypothesis that the “model has power to predict employees’ engagement” could be accepted. They therefore suggest that the model has power to predict employees’ engagement significantly from the factors scores.

Table 4.12

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.977	.143		13.861	.000
Open communication	.313	.035	.424	8.991	.000
Total reward	.040	.036	.052	1.089	.277
1 Job satisfaction	.107	.044	.139	2.409	.016
Promotion	.027	.034	.043	.784	.433
Work life balance	.032	.042	.044	.759	.448
Opportunity to learn	.055	.036	.079	1.540	.124

a. Dependent Variable: Engagement Dependent Variable

Table 4.12 presents the results on the coefficients of the regression model. The coefficients results show that Open Communication positively predict employee engagement, standardized $B = .428$, ($p < 0.01$). These results suggest that engagement of employees who practice open communication increased significantly by 42.8%. The results also show that total Reward, Job satisfaction, Promotion, Work Life balance and Opportunity to learn has positively predict employees' engagement by $B = .052$, ($p < 0.01$) 5.2%, $B = .0139$, ($p < 0.01$) 13.9%, $B = .0043$, ($p < 0.01$) 4.3%, $B = 0.044$, ($p < 0.01$) 4.4% and $B = .079$, ($p < 0.01$) 7.9% accordingly.

4.5.2. Discussion of the Results

In a summary, linear regression analysis indicated that, all the six factors are positively predicted employee engagement. since the significance ones are open communication and job satisfaction discussing about other factors are not necessary. Thus if organization practice more open communication, the employees will have higher employee engagement. As predicted, this result supported hypothesis **Open** Communication affects employee engagement positively. The results of open communication were consistent with most of results on previous studies reviewed in chapter two. See as example, studies like *Dale Carnegie & Associates (2012)*, Neeta (2011) and Sandeep,et.al (2008) respectively.

And also Job Satisfaction was found to have positive effect on employees' employee engagement. This suggests that the study's third hypothesis that "satisfaction positively affects employee engagement in CBE" could be supported. Furthermore, the study findings are consistent with those reported earlier in West (2016) and Neeta (2011) both of whom reported positive relationship between Job Satisfaction and employees' performance.

4.6. Interpretation of Regression Analysis

The first thing that must be discussed here should be the overall fitness of the models; this fact has been confirmed by different types of statistical results.

The first way is the ANOVA test that produced a P-value of 0.000 which is below the alpha level, i.e. 0.05. This means both the independent variables have statistically significant relationship with that of the dependent variable.

The R (Coefficient of Correlation) which is simply measures the degree of (linear) association between the dependent variable and the independent variables jointly. It only measures degree of association or co variation between the two variables. (Gujarati, 2004) In this case the value of R which is 0.605(60.5%) means, there is a strong relationship between the independent variables as a whole and **other factors**.

The last one is by checking the adjusted R square (Coefficient of Determination), can be defined as the proportion of the total variation or dispersion in the Perceived Performance (dependent variable) that explained by the variation in independent variables in the regression. (Gujarati, 2004) So with adjusted R Square value of 0.366 meaning, 36.6% of the variation in Perceived Performance is explained by the linear relationship with all the independent variables. The corollary of this is that 63.4% of the variation in Perceived Performance is unexplained by the relationship or these percentages of change in Perceived Performance accounts for other variables not mentioned under this study. Thus when adjusted R square is high it means that the independent variables included in the study play **moderate** part in affecting the dependent variable.

All in all, the regression model developed under the study can be considered as a good fit or predictor of Perceived Performance.

4.7. Interviewer, Interview Setting, and Participants

For this particulate research the researcher used both qualitative and quantitative research approach. Thus the researcher conducted an interview with HR managers to substantiate the survey. The researcher present this data separately because the interviewees are Human Resource Managers and questions are different from the employee questions.

The researcher used open ended questions, and the interviewer approached six HR Managers which are three in the city and other three participants in outline district for this study (refer to Table 1). The interviewer took appointment from the participants for taking their interview in the Center of Excellence-CBE training center. The interviewer gave assurance to every interviewee that full anonymity would be maintained in terms of interviewee. Of the six individuals, 30% of the sample were females. The age of participants ranged between 33 years to 40 years. Their education was pre-dominantly in finance, including master of business administration (MBA) in finance, Masters in HR(MBA).

Table 4.13 Demographic details of participants

Demographic Component	Category	Observation
Age	Minimum	33
	Maximum	40
Gender	Male	4
	Female	2
Current Hierarchal Level	HR Managers	6
Educational Level	MBA	4
	B.A	2
Year of Service	More than 5 years	6
Place of work	City	3
	Outline	3

The researcher asked participants open ended questions (refer to Table 4.12 for the list of Typical questions) by starting with an introductory question, i.e., *Tell me something about your job profile. As mentioned in the above the researcher had already divided the interview into three parts on the basis of the type of questions asked. First part contained questions such as, What all things fascinate you to perform better in your workplace? Why would you like to perform better in your workplace? And State two reasons why you continue to work at the Bank?* The Second part contained direct questions involving, *State at least three critical things you wish the CBE offered to its employees to provide a better working environment? Since you are pretty much experienced in this field, can you tell me what kind of expectations do employees have this days? And how do you see the level of employee engagement in your district?*

The interview ended with questions including *anything that you would like to recommend to the management so that you people can be motivated more to work? And anything else that you would like to share that can act as an input to my research?*

After each interview, the researcher documented the response interview and was later on transcribed verbatim.

1. Personal to engagement, category
2. Employees perception in the eye of management
3. The organization responsibility to improve employee engagement

4.7.1. Discussion

1. Personal to engagement, category

In this category the researcher wants to know the personal opinion and believe of HR Managers as an employee. After telling me about themselves Participant answered the second

question “*What all things fascinate you to perform better in your workplace?* Participant 1 and 2 reflects that **there is equal chance to promote and good career prospects in CBE**. The other four participants emphasized that the way **CBE communicate employees** and officials is developing time to time. They illustrate by mentioning the outlook that CBE is using this time and Portal page which CBE news and other information is provided.

The other four participants are fascinated by one of the grand strategy of the bank which is Human Resource Development. *For the third question of category one, which is ‘Why would you like to perform better in your workplace?’* Three of the participant explains they love their work despite of shortage of resources and wants to be in the higher position.

For the last question in the first category, ‘State two reasons why you continue to work at the Bank?’ All participants admire the vision of the bank and want to be part of it and appreciate the total reward of the bank.

2. Employees perception in the eye of management

In the second category the first question ‘*State at least three critical things you wish the CBE offered to its employees to provide a better working environment?* Six of the participant put priority in different way but when the researcher summarizes by their preference is like transparency (Open Communication), **Work Life balance and Job satisfaction. For the second question in the second category ‘Since you are pretty much experienced in this field, can you tell me what kind of expectations do employees have this days?’ all of the participant respond employees expect **total reward** improvement especially salary increment in their observation.**

For the last question in the second category ‘How do you rate the level of employee engagement in your district?’

Three interviewees respond 50% and the other answered 60-70%.

3. The organization responsibility to improve employee engagement

The third category which is the organization responsibility to improve employee engagement has two questions . For the first question “*Anything that you would like to recommend to the management so that employee can be motivated more to work?*” The HR procedure must be approved and communicated quickly to all employees so that all employees know the path of how to promote, how to transfer which affect employee engagement. The last question asked to the HR Manager was “*Anything else that you would like to share that can act as an input to my research?*” they suggest that it is better to add the employees say so that the researcher can get additional information which makes the research more practical.

4.7.2. Summary of Interview

In this research the researcher wants to have some input from HR Managers to strengthen the research. In the Commercial Bank of Ethiopia there are 15 districts with 15 HR Managers excluding the center HR. The researcher selected six of the HR managers for this particular research and asked nine questions which are categorized in to three parts. As it is mentioned in the above data analysis section, factors affecting employee engagement are prioritized. The most important factors that were critically manifested in the interviews are Open communication, Total reward and work life balance . Job satisfaction, Promotion is also given equal weight with opportunity to learn came next both having the same weight.

CHAPTER FIVE

KEY FINDINGS, CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

The main objective of this study was to identify factors affecting employee engagement. A cross section descriptive survey research strategy was adopted and a sample of 379 employees taken conveniently from a study population of 7,094 employee in North Addis Ababa District, West Addis Ababa District, East Addis Ababa District, South Addis Ababa District, HR Department and Credit Department. A structured questionnaire was used to collect primary data from the sample and six HR managers were interviewed. Among six factors the most critical are selected. Overall the findings of the present study are very much in line with theoretical concepts discussed in this study.

The employee engagement was measured through Gullaup Questionnaire and other independent factors are measured in different standard questions which are incorporated in the questionnaire. Descriptive and inferential statistical techniques were used for data analysis. In inferential statistics, Pearson's correlation and linear regression analysis were used to assess both relationships and magnitude as per the research question. This chapter presents conclusions, implications and recommendations. It is organized in various sections. Section 5.1 deals with summary of key of findings; section 5.2 is devoted to discussion and conclusions; section 5.3 presents recommendations while the last section, section 5.4, discusses limitations of the study and suggestions for further research.

5. Key Findings, Conclusions, Implication and Recommendations

5.1. Summary of Key Findings

In this section I presented the major findings of this research as follows

- The demographic composition of the 379 respondents was as follows: 120 (31.7%) ,259 (68.3%) are male, 236 (62.3%) age 18-29, 123 (32.5%) between 30-45 age category, 13(3.4%) between 46-59 age category, 7(1.8%) above 60 years age category, service in the Bank between 1 to 2 years is 82 (21.6%),117 (30.9%) respondents have 3-4 year service year and the major part of respondent 180 (47.5%) have failed in the 3rd group who has more than 5 years experience, The highest percentage 343(90.5%) were holders of Bachelor's degree, the remaining 36(9.5%) were Diploma holders, 220(58%) of the respondents are single, 150 (39.6%) are married and 9(2.4%) of the them are neither single nor married, 45 (11.9%) working at Grade I branches, 79 (20.8%) at Grade 2 branches, 14(3.7%) working at Grade 3 branches and 241(63.6) respondent are working at Grade 4 branch, 310 (81.8%) working at city branches and 69 (18.2%) are working at outlying branches.
- Reliability Test: The results show Cronbach's alphas ranging from 0.729 to 0.871. These alpha coefficients of all independent and dependent factor questionnaire are higher than the conventional level of 0.7, hence reliable in measuring what they were designed to measure.
- **Descriptive Analysis:**Means with their std.dev: Open Communication (M=3.48, SD=.790) ,Total Reward (M=2.73, SD=.780), Job satisfaction (M=3.38, SD=.730) ,Promotion, there was a weak uphill (positive) linear relationship correlation between (M=3.02, SD=.952) Work life Balance (M=3.13, SD=.827), Opportunity to Learn (M=3.48, SD=.878)
- **Current Engagement Level:** Other word the sample shows us more than half respondent respond (strongly agreed and agreed (79.1%) the other 19.0 is neutral but 1.8% of the respondent respond in CBE employee engagement level is below 5% .
- Correlation: Correlation analysis was conducted to assess the relationship with employee engagement and the selected factors. Thus all factors have a relationship with employee engagement. As illustrated in the above except open communication which has moderate

uphill (positive) relationship all other factors have a weak uphill (positive) linear relationship.

- Regression:

The adjusted R^2 statistics, which is 0.355. This suggests predictor's accounts for 35.5% of the variation in employees' engagement, the Beta of each factors are presents the results on the coefficients of the regression model. The coefficients results show that Open Communication positively predict employee engagement, standardized $B = .428$, ($p < 0.01$) . These results suggest that engagement of employees who practice open communication increased significantly by 42.8%. The results also show that total Reward, Job satisfaction, Promotion, Work Life balance and Opportunity to learn has positively predict employees' engagement by $B = .052$, ($p < 0.01$) 5.2%, $B = .0139$, ($p < 0.01$) 13.9%, $B = .0043$, ($p < 0.01$) 4.3%, $B = 0.044$, ($p < 0.01$) 4.4% and $B = .079$, ($p < 0.01$) 7.9% accordingly.

- Interview: In this research the researcher wants to have some input from HR Managers to strengthen the research. The most important factors that were critically manifested in the interviews are Open communication, Total reward and work life balance. Job satisfaction, Promotion is also given equal weight with opportunity to learn came next both having the same weight.

5.2. Conclusions

As per the findings in CBE there is 79% level of Employee Engagement. When we see the vision and mission also the strategic plan of the bank the employee engagement must be more than the current level. This study was carried out to identify factors that critically influence employee engagement among a number of factors. The sample consisted of 379 employees. The

collection of data was through a structured questionnaire and interview. The conceptual understanding is that employees from different age group and place have different likings and expectations from the organization, Overall the findings of the present study are very much in line with theoretical concepts discussed in this study. Researches exhibit that engaged employees are more creative. They are more profitable, more customer - focused, safer, and more likely to withstand temptations to leave the company. Engagement of employees has a direct influence on productivity of employees. Involved employees always perform better and also beneficial for the whole organization. It is already said that emotional connection always stimulates employees to work effectively. It moulds the behavior of employees in a better way that affects whole organization including customer service and task achievement on actual job. A successful employee engagement helps to create a community at the workplace and not just workers.

Engaging employees is a long term task and cannot be accomplished by one training program, no matter how good its quality is. Organizations can improve engagement by giving due attention for Open communication, Job satisfaction, Opportunity to learn, Total reward, work life balance and promotion accordingly.

Organizations need to instill a sense of involvement, positive emotions about their work and a sense of community in their employees. Emphasis should be given to employee opinions and opportunities should be provided to them to be heard. Transparency from the senior leadership will also make the organization culture more open. It was observed from the data that working on each factor can increase employee engagement according to their sensitivity. Transparency makes the job satisfactory,

There is an urgent need of HR interventions which is reflected by the results of the study. The findings are a clear indication that CBE should put efforts in improving the organization climate since it really value employees and believe that engaged employees are an asset to the organization.

5.3. Recommendation

The following recommendations are forwarded based on the factors identified in the summary parts and *conclusion* section. As mentioned in the conclusion section the level of employee engagement must be raise. To raise the level of employee engagement CBE must focuses on the critical factors which affect employee engagement those are Open Communication and Job satisfaction especially in young generation.

Open communication reinforces the importance of clear, consistent and continuous communication in building employee management. It results improve interaction, greater trust, greater understanding, enhanced efficiency, better performance, and enhanced gratification. As the data manifests Open communication is the first critical factor that must be develop to improve employee engagement in CBE. The researcher recommends four points to improve Open Communication. The fist one is CBE must appreciate suggesting that is based upon five factors: communication/exchange of views like creating an opportunity for employees and managers to exchange views about issues in their work place, with fixed time and consistency. The second is CBE must improve upward problem-solving like giving an opportunity for employees to provide feedback on specific topics to their managers freely . The third point is to get pure information about the employee CBE must create an opportunity for employee representatives to communicate the views of the workforce to managers not only top management when the issue become critical. The forth point that CBE must give due attention is

the opportunity not just to have a 'voice' on issues but an expectation that these views will be taken into account and may lead to changes in how decisions are made this makes employees feel importance.

On the second critical factor is Job satisfaction. To put actionable strategies in place to optimize these factor the researcher recommend the following. In the first place in order to continually challenge employees and provide ongoing career development opportunities, CBE need to transform performance management from branch based to individual base as soon as possible also encourage employees and managers work together in setting weighted goals, competencies, and development activities that meet individual needs and drive corporate objectives. To ensure follow-through and optimize engagement, employees and managers should meet periodically throughout the year, not just at the annual performance review , to discuss progress against development activities and Get Feedback from Managers in the Moment. Even if it is in the beginning stage it must be continue strongly. Even if budget constraints limit rewards like bonuses and salary increases, managers can still motivate employees by presenting them with opportunities that expand their expertise by giving acting assignments so that expose them to other areas of the business and exercise their leadership skills . Even if Set Clear Consistent Expectations also in the beginning stage in CBE it must be continue by having employees and managers work together to set clear, measurable individual goals that align with corporate objectives and reflect individual talents, interests and needs. This way, employees come to work every day with clear expectations of what they are supposed to accomplish, how their performance will be measured and how their work contributes to the organization's overall success.

In other words, managers and employees need to discuss engagement on a regular basis as part of an open, honest relationship built on trust. This approach helps to ensure that employees stay productive and engaged while managers can successfully keep their teams focused on strategic priorities for bottom-line impact. In general fostering professional and especially personal growth plays a major role in creating favorable sentiments towards the organization. People who are encouraged to grow and develop are more likely to produce more efforts, push beyond their boundaries and deliver value in any task they undertake. Recognizing individual performance, providing feedback and increasing the involvement of employees should be strengthened to increasing job satisfaction in CBE.

5.4. Limitations and Suggestions for Future Research

In future research, it would be necessary to consider all independent factors which are not included in this research especially performance management system which is now applicable in individual level in CBE. Goal setting has a positive influence on employee engagement which in turn positively impacts workplace optimism and lastly these results in positive impact on individual performance. It will help to determine if the findings tested are likely to be sustained. Further research should also involve a nationwide survey covering samples from the whole population of CBE in Ethiopia. Comparisons can also be made between the private banks and other financial service providing sectors.

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Annex

1. Time Schedule of the Study

I plan to write my thesis as per the following time table.

No.	Activities	Plan to finish
1	Submitting first draft of Partial thesis proposal	December 31,2016
2	Review of Related Literature and Instrumentation	January 10,2017
3	Submitting first draft of Full thesis proposal	January 20,2017
4	Submission of Final Proposal	February 10,2017
5	Submission of Modified Proposal	March 1,2017
6	Meeting HR managers of Addis Ababa Districts	March 2,2017
7	Presenting Data Collection Instrument	March 10,2017
8	Data Cleaning	March 11-March 15,2017
9	Finding and analysis interpretation and discussion of results	March 16-March17,2017
10	Submission of summary, conclusion, and Recommendation	April 13 ,2017
11	Final thesis submission	May 5,2017

1.11 Budget Estimation of the Study

To estimate the overall budget it is better to list the needed materials and expenses as follows.

A. To hire assistant for distributing and collecting questioner.....	1,000.00
B. Copy the questioners and annex materials.....	3,000.00
C. To access internet.....	600.00
D. Other unexpected expenses.....	<u>500.00</u>
Total.....	5,100.00

QUESTIONNAIRE
ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF HUMAN RESOURCE
MBA PROGRAM

Dear Respondents

I am currently a student of Addis Ababa School of Commerce, and I am doing my MBA research on “**Factors Affecting Employee Engagement**’ *the case of Commercial Bank of Ethiopia-Specifically Addis Ababa Districts*. This research is intended to obtain information on the factors that affect employee engagement and retention in the CBE. It is important that you respond to all the statements in the questionnaire-please respond to all questions. In order to make the study more fruitful your response for the given question is necessary. All of your response to the given question would be used for the research and will be kept confidential.

N.B

- No need to write your name
- Please read each statement carefully and put a tick mark (√) in the corresponding boxes which closely reflects your point of view.

Section A. PERSONAL INFORMATION

- | | | |
|------------------------------|---|---|
| 1.1 Gender | <input type="checkbox"/> Male | <input type="checkbox"/> Female |
| 1.2 Age | <input type="checkbox"/> 18-29 years old | <input type="checkbox"/> 30-45 years old |
| | <input type="checkbox"/> 46-59 years old | <input type="checkbox"/> 60 years old and above |
| 1.3 Marital Status | <input type="checkbox"/> Single | <input type="checkbox"/> Married |
| | <input type="checkbox"/> Others | |
| 1.4 Educational level | <input type="checkbox"/> Primary school | <input type="checkbox"/> High school |
| | <input type="checkbox"/> Certificate | <input type="checkbox"/> Diploma |
| | <input type="checkbox"/> First degree and above | |
| 1.5 Year of Service | <input type="checkbox"/> 1-2 Years | <input type="checkbox"/> 3 - 4 Years |
| | <input type="checkbox"/> More than 5 years | <input type="checkbox"/> others |
| 1.6 Branch Grade | <input type="checkbox"/> Grade 1 | <input type="checkbox"/> Grade 2 |
| | <input type="checkbox"/> Grade 3 | <input type="checkbox"/> Grade 4 |
| | <input type="checkbox"/> City | <input type="checkbox"/> Outlying |

Section B. Employees Engagement Factors Questions

I. Questions for Dependent variable(Engagement) I use Gallup standard question						
No	Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I know what is expected of me at work.					
2	I have the materials and equipment I need 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 received recognition or praise for doing good work.					
5	My supervisor, or someone at work, seems to care about me as a person.					
6	There is someone at work who encourages my development.					
7	At work my opinions seem to count.					
8	The mission/purpose of my company make 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 had opportunities at work to learn and grow.					
C. Question for Independent Variables						
	I. Open Communication					
1	My Supervisor can be convinced and persuaded.					
2	My supervisor provides me regular information about the organization’s vision and mission.					

3	I get the opportunity to mix with my colleagues and to communicate on aspects of our work.					
4	Communication and information flow between the departments is satisfactory.					
5	Employees share experiences to help each other.					
II. Total Reward						
1	My salary is satisfactory in relation to what I do					
2	I earn the same as other people in a similar job					
3	The basis of payment, for example overtime payment, is reasonable.					
4	The allowances I receive are adequate					
5	My pensions benefits are good					
6	My medical scheme is satisfactory					
7	I never have problems with my arrangements for leave					
III. Job Satisfaction						
1	I feel encouraged to come up with new and better ways of doing things					
2	My work gives me a feeling of personal accomplishment.					
3	I have the tools and resources to do my job well on my job.					
4	I have clearly defined quality goals.					
5	The company does an excellent job of keeping employees informed about matters affecting us.					
6	When a customer is dissatisfied, I can usually correct the problem to their satisfaction.					
7	I understand why it is so important for (company name) to value					

	diversity (to recognize and respect the value of differences in race, gender, age, etc.)					
8	My job makes good use of my skills and abilities.					
9	Senior managers visibly demonstrate a commitment to quality.					
10	I am satisfied with the information I receive from management on what is going on in my division					
11	Considering everything, I am satisfied with my job					
IV. Promotion						
1	I will be promoted within the next two years.					
2	Everyone has an equal chance to be promoted.					
3	Staff is promoted in a fair and honest way.					
4	There are good career prospects in my organization					
V. Work Life Balance						
1	My working hours are reasonable.					
2	The company takes care of the employees working any time.					
3	Working in the organization give me a feeling of security and improves my productivity					
4	I am never overworked					
5	The quality of work life of the organization helps to improve the productivity of employees.					
6	The environment in this organization supports a					

	balance between work and personal life.					
7	I get the opportunity to mix with my colleagues.					
	VI. Opportunity to learn new skill					
1	The company provides training for enriching the skills of employees.					
2	The company believes proper training improves the productivity of the company and employees.					
3	I have the skills I need to do my job.					
4	There is equitable access to a variety of learning opportunities in the company.					

Thank You

- **Interview Questions**

Category One is all about the participants personal opinion to engagement, category two had questions about employees perception in the eye of management and the third category is all about the organization responsibility to improve employee engagement.

Category	Questions
1	Tell me something about your Job profile.
	What things fascinate you to perform better in your workplace?
	Why would you like to perform better in your workplace?
	State two reasons why you continue to work at the Bank?
2	State at least three critical things you wish the CBE offered to its employees to provide a better working environment?
	Since you are pretty much experienced in this field, can you tell me what kind of expectations do employees have this days?
	How do you rate the level of employee engagement in your district?
3	Anything that you would like to recommend to the management so that employee can be motivated more to work?
	Anything else that you would like to share that can act as an input to my research?

Table 4.12 Questions for Interviews

Selected factors questions Mean and std. Deviation

All questions of Employee Engagement

Descriptive Statistics

	N	Mean	Std. Deviation
I know what is expected of me at work.	379	4.15	1.088
I have the materials and equipment I need to do my work right.	379	3.60	1.128
At work, I have the opportunity to do what I do best every day.	379	3.57	1.082
In the last seven days, I received recognition or praise for doing good work.	379	2.58	1.245
My supervisor, or someone at work, seems to care about me as a person.	379	3.37	1.125
There is someone at work who encourages my development.	379	3.35	1.138
At work my opinions seem to count.	379	3.42	.979
The mission/purpose of my company makes me feel my job is important.	379	3.75	1.014
My associates (fellow employees) committed to doing quality work.	379	3.70	1.056
I have a best friend at work.	379	3.87	.970
In the last six months, someone at work talked to me about my progress.	379	3.31	1.139
In the last year, I had opportunities at work to learn and grow.	379	3.35	1.193
Valid N (listwise)	379		

Open Communication

Descriptive Statistics

	N	Mean	Std. Deviation
My Supervisor can be convinced and persuaded.	379	3.42	1.134
My supervisor provides me regular information about the organization's vision and mission.	379	3.48	1.167
I get the opportunity to mix with my colleagues and to communicate on aspects of our work.	379	3.56	1.023
Communication and information flow between the departments is satisfactory.	379	3.30	1.184
Employees share experiences to help each other.	379	3.62	1.188

Valid N (listwise)	379		
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Total Reward

Descriptive Statistics

	N	Mean	Std. Deviation
My salary is satisfactory in relation to what I do	379	2.53	1.369
I earn the same as other people in a similar job	379	2.55	1.251
The basis of payment, for example overtime payment, is reasonable.	379	2.35	1.153
The allowances I receive are adequate	379	2.48	1.174
My pensions benefits are good	379	2.80	1.253
My medical scheme is satisfactory	379	3.17	1.200
I never have problems with my arrangements for leave	379	3.22	1.141
Valid N (listwise)	379		

Job Satisfaction

Descriptive Statistics

	N	Mean	Std. Deviation
I feel encouraged to come up with new and better ways of doing things	379	3.30	1.172
My work gives me a feeling of personal accomplishment.	379	3.39	1.125
I have the tools and resources to do my job well on my job.	379	3.28	1.111
I have clearly defined quality goals.	379	3.41	1.107
The company does an excellent job of keeping employees informed about matters affecting us.	379	3.41	1.054

When a customer is dissatisfied, I can usually correct the problem to their satisfaction.	379	3.61	1.055
I understand why it is so important for (company name) to value diversity (to recognize and respect the value of differences in race, gender, age, etc.)	379	3.59	1.074
My job makes good use of my skills and abilities.	379	3.50	1.114
Senior managers visibly demonstrate a commitment to quality.	379	3.34	1.058
I am satisfied with the information I receive from management on what is going on in my division	379	3.23	1.097
Considering everything, I am satisfied with my job	379	3.16	1.187
Valid N (listwise)	379		

Promotion

Descriptive Statistics

	N	Mean	Std. Deviation
I will be promoted within the next two years.	379	3.09	1.187
Everyone has an equal chance to be promoted.	379	3.03	1.226
Staff is promoted in a fair and honest way.	379	2.93	1.272
There are good career prospects in my organization	379	3.03	1.239
Valid N (listwise)	379		

Work Life Balance

Descriptive Statistics

	N	Mean	Std. Deviation
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My working hours are reasonable.	379	3.33	1.134
The company takes care of the employees working any time.	379	3.15	1.161
Working in the organization give me a feeling of security and improves my productivity	379	3.16	1.173
I am never overworked	379	2.95	1.182
The quality of work life of the organization helps to improve the productivity of employees.	379	3.04	1.147
The environment in this organization supports a balance between work and personal life.	379	3.08	1.132
I get the opportunity to mix with my colleagues.	379	3.18	1.164
Valid N (listwise)	379		

Opportunity to Learn new skill

Descriptive Statistics

	N	Mean	Std. Deviation
The company provides training for enriching the skills of employees.	379	3.41	1.107
The company believes proper training improves the productivity of the company and employees.	379	3.53	1.067
I have the skills I need to do my job.	379	3.63	1.089
There is equitable access to a variety of learning opportunities in the company.	379	3.35	1.239
Valid N (listwise)	379		

