

**The Effect of Selected HRM Practices on
Employees' Engagement: The Case of Motor
and Engineering Company of Ethiopia
(MOENCO)**



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School of Commerce for the Fulfillment of the
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Resource Management**

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**The Effect of Selected HRM Practices on Employees Engagement:
The Motor and Engineering Company of Ethiopia (MOENCO)**

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STATEMENT OF DECLARATION

The researcher of this study, Yibeltal Hailu, declare that the thesis entitled “The Effect of Selected HRM Practices on Employees Engagement: In a case company: The Motor and Engineering Company of Ethiopia (MOENCO)” is my original work. Moreover, this study has not been presented for any other program in this university or any other, and that all sources of material used have been acknowledged and proper referencing put accordingly.

Yibeltal Hailu

STATEMENT OF CERTIFICATION

This is to certify that this study paper titled “The Effect of Selected HRM Practices on Employees’ Engagement in MOENCO: The Motor and Engineering Company of Ethiopia (MOENCO)” undertaken by Yibeltal Hailu for the fulfillment of Master of Arts Degree in Human Resource Management from Addis Ababa University school of commerce is an original work and acceptable for fulfillment for Masters of Arts Degree in Human Resource Management.

Research Advisor

Signature

Date

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ABSTRACT

Employees are the most valuable resource of an organization and assessing the effect of selected HRM practices towards their effect on engagement make a difference to company performance. Hence, the primary reason of this learning about is, to look into the effect of chosen HRM practices (Recruitment and Selection, Training and Development, Reward Management and Performance Management) on Employees' Engagement in The Motor and Engineering Company of Ethiopia (MOENCO). Explanatory research design have been used and quantitative data through primary source were collected from a sample collected of 86 employees using random sampling technique, and the statistics have been analyzed in descriptive and inferential analysis. A Structured questionnaires developed in form of a 5 factor Likert scale were used for data collection. Data have been amassed and analyzed by using package deal for social sciences (SPSS). Descriptive data for the respondents had been presented to apprehend the profile of respondents in MOENCO and the descriptive analysis had been presented on the variables of the study as well. The study also underlies the correlation between the selected HRM practices and Employees' Engagement and found strong correlation between the variables. The study had also presented the regression model and identified coefficient of the variables to Employees' Engagement. The study revealed the selected HRM practices had 53% factor to effect the dependent variable in MOENCO, i.e. Employees' Engagement. In a nutshell, we can conclude that the independent variables, Recruitment and Selection, Training and Development, Reward Management and Performance Management had great effect on Employees' Engagement in MOENCO. From the independent variables listed. Reward Management and Performance Management were more influential variables to affect Employees' Engagement, accordingly, the researcher had recommended the company to review its reward and performance management practices and develop function which can entirely focus and address the major disengagement areas, by developing right structures and guidelines on these selected practices. So that, the ultimate purpose of the company can be met and a robust organizational performance can be achieved through engaged work force and helps MOENCO take advantage from the most invaluable asset of the company.

Keywords: HRM Practices, Employees' Engagement, Recruitment and Selection, Training and Development, Reward Management, Performance Management

LIST OF ACRONYMS

MOENCO: The Motor and Engineering Company of Ethiopia

HR: Human Resource

HRM: Human Resource Management

PM: Performance Management

PA: Performance Appraisal

EE: Employees' Engagement

SPSS: Statistical Package for Social Science

CEX: Customer Experience

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CHAPTER ONE

INTRODUCTION

The study on the effect of HRM practice on Employees' Engagement and the concept of Employees' Engagement have emerged as a vital areas in human resource management. The purpose of this study is to examine the selected HRM practices and gain better understanding of their effect on Employees' Engagement in case of MOENCO. Of all resource of a given organization, its Human resource plays pivotal role for the attainment of its goal and objectives. As all the purpose of the organization are set as well as realized by people, positive contribution of individuals is a major input for the organizations' survival and also the source of sustainable competitive advantage , as described by (P. M. Wright, Dunford & Snell, 2011).

Human capital is the key for organization, the management of people has become a key for the success of today's business world. Other resources are important, but it is not equipment or the physical plant, and it isn't data, technology, or intellectual property, which often leads to success. Thus, the most valuable part of company is the people-the human. Engaged Employees' are highly responsive in a company performance.

As discussed by different scholars, HRM is the science and a practice that deals with the nature of the employment relationship, which dictates all of the decisions, actions and issues that are related to such relationship. Which entirely shows, human resource practices play an important role of employees' engagement.

1.1 Background of the Study

Considering the model on different HRM practices, the study encompasses four dimensions of HRM. The first is Recruitment and Selection, the second one Training and Development, the third aspect is Reward Management and the fourth dimension is Performance Management, which are considered to be investigated to see their Effect/influence on Employees' Engagement.

From the literatures, we can see that a number of studies have shown similar positive relationships, (MacDuffie J.P, 1996) , found that HRM practices were related to productivity and engagement. HRM practices have positive effect on the engagement of people in organization, so that, leaders should set strategies to develop their workers and to create engagement in work. In nutshell, engaged workers possess an energetic and effective drive towards accomplishing their tasks. They can also create difference in the success of organization and create positive affect towards productivity and performance in their work.

Decision wise helps to evaluate and design an optimal employee experience survey for the entire employee life-cycle that will positively affect organization performance. We can measure, analyze, diagnose, and develop tailored interventions that will attract, retain, and engage our employees resulting in higher performance and organization growth.

In MOENCO, recently HRM department is facing challenges in retaining best talents and the formal dissatisfaction/grievances presented to the HRM is increasing and also the turnover rate for the company is dramatically increasing from year to year. Therefore, the study is important in addressing the basic problems in the company and to see how the selected HRM practices have influence on employees' engagement.

1.2 Background of the Company

The Motor & Engineering Company of Ethiopia Limited S.C. (MOENCO) is an affiliate company of Inchcape PLC a London based company engaged in global trade which is engaged in different business. Inchcape has been known for its distribution and retail trading in the premium and luxury automotive types in many countries, which has been trading in more than 25 countries.

MOENCO has been established in January 1959. It is found around Bole – Near Hayat Hospital in the premises with area of 34,000 m². MOENCO has 8 Branches and 15 Dealers in different regions of the country. It is the major Distributer for Toyota, New Holland and Komatsu Machineries and other 20 brands with Automotive and Machinery Sales, Automotive and Machinery Service and Parts Sales for both categories. The study was conducted in Head Office located in Bole near Hayat Hospital.

MOENCO has a total of 920 permanent staff members. Out of 920, 550 are stationed in the Head Office. There are also 120 staff on contractual basis and 350 outsourced staff through service providers or agencies.

1.3 Statement of the problem

As can be seen from the company recent data there are two major challenges in the company, the first challenge is the number of grievances /dissatisfaction presented to HRM department , which is increasing, in 2017 the formal grievances was 19 in 5 years time, in 2021, the number of grievances has increased to 45 (which has 73 % increase) and the second challenge is the turnover, which has been increasing from year to year, in 2017 the turnover rate was 2.1 in 5 years time, in 2021, the rate has increased to 3.63, and it has been believed that the increase in grievances and turnover are indications for staff disengagements, and has relationship with the company HRM practices, hence, we ought to see the company selected HRM practices in place and their effect on the employees' engagement.

1.4 Research questions

The above listed problems are attached with the employees' engagement and the HRM practices in place in the company. Following the problems stated, the following research questions will be investigated through the course of the research.

- What is the effect of the selected HRM practices on the employees' engagement?
- What is the level of the selected HRM practices on engagement?

1.5 Objectives of the study

In order to create a productive workforce, this study aims to examine the influence/effect of human resources practices on employees' engagement and offer sound recommendations for employers to develop employee engagement. As a strategic partner to the management of an organization's most

valuable assets, human resources are engaged in managing people in an organization to achieve the organization's purpose in a systematic ways. (Femi, 2013) (Dessler, 2005).

The study has the following broad objectives.

- Examine the effect of selected HRM practices on employees' engagement, in MOENCO Company

The study has the following specific objectives

- Identify the level of Recruitment and Selection practices influence on employees' engagement, in MOENCO
- Identify the level of Training and Development practices influence on employees' engagement, in MOENCO
- Identify the level of Performance Management practices influence on employees' engagement, in MOENCO
- Identify the level of Reward Management practices influence on employees' engagement, in MOENCO

1.6 Scope of the study

The study in the area of HRM practice and engagement had been conducted in the public sectors, there is limited studies in the merchandising sectors and this has effected the conceptual scope of the study. The study was also limited to MOENCO Head Office and branches in Addis due to geographic proximity and accessibility. Due to confidentiality issues, the study focused on non-supervisory (non-management staff) and it didn't include top management and senior leadership staff views, to meet the company policy in place.

Besides, the HRM practices used in the study are limited to common practices we have in HRM area , only four dimensions were selected, and these might not be through dimensions for HRM practices, we have other HRM practices too, which were not considered in this study.

1.7 Significance of the study

Employees are considered as a valuable asset to an organization that requires effective management. Thus, best HRM practices contribute to employee engagement and are of great importance for the successful implementation of a company's goals (Femi, 2013)

As there is an ongoing concern in the company due to the current challenges and expected HRM alignment with corporate strategic needs, it is deemed necessary to rectify the root causes of the problems in a designed ways and remain competitive in the market and have sound recommendation for the company as well as for same sector organizations.

Therefore, it is very important that the right practice in HRM can result in better Employees' Engagement. Hence, it is sound to analyze the company's HRM practices and its effect/influence on employees' Employees' Engagement. In addition, the study can serve as an insight for any researcher who needs to conduct further study in the area.

1.8 Limitation of the study

The major limitation of the study was that the researcher could not find resourceful empirical studies in the area of HRM practices on employees' engagement in Ethiopian context. This had affected the literature review part of this paper.

Since the study used survey in collecting primary data, random and systematic errors may occur, and also due to confidentiality issues the top management employees' view was not considered, hence, the research was limited to other staff group of the company, and this had limited the view of these staff.

The samples in this study was just from one company; there might be a specific bias in the perception, due to the particular labor market in the industry. In this regard, the findings can't be generalized across the industry and remains a question. On this point, future research with a cross-industry dimension is very important.

1.9 Operational Definition of Key Terms

Employees' Engagement:

Describes how passionate employees are about their jobs, how committed they are to the organization, and how much discretionary effort they put into it.

Recruitment and Selection:

Recruiting is the process of searching for and encouraging potential candidates to apply for open positions. Selection is the second stage of the recruitment. It is defined as the process of choosing the best one from among the number of candidates.

Training and Development:

Training is a short term process, utilizing a systematic and organized procedure, designed to provide employees with the knowledge and skills needed for their present jobs. Whereas, development is a long term educational process, utilizing a systematic and organized procedure that goes beyond today's job.

Reward Management:

Reward / compensation refers to the pay and remuneration practice of a company to its staff or an employee, purpose in receiving in return for his/her services to the organization in terms of cash or kind and recognition.

Performance Management:

A performance management process identifies, measures, and develops an organization's people and team performance in alignment with its strategic goals (Aguinis, 2009).

1.10 Organization of the Study

This research has been organized in five chapters. The first Chapter is about the introduction, background of the study, background of the company, statement of the problem, research questions, and significance of the study, research objectives, and limitation of the study, scope of the study, operational definition of key terms and organization of the study.

The second Chapter encompasses Literatures related to the study and the reviews made on HRM practices and employees' engagement.

The third Chapter, which entirely covers the methodology parts that includes the descriptions of the study area, research approach, research design, population and sampling, data source and type, the data collection procedures, the ethical consideration and the data analysis and presentation.

Chapter four is the chapter entirely includes the data interpretation and findings of the study, which covers the results and discussion using SPSS software. It discusses the demographic characteristics of respondents and the regression, correlations analysis and reveals the effect of HRM practices on employees' engagement.

The final chapter, chapter five, covers the findings, the conclusion and recommendation parts from the study.

All other supporting documents have been attached in the annex parts and sites referencing included to make the study comprehensive and meet all the required ethical standards, viability for further studies and synchronize proper citation and referencing.

CHAPTER TWO

LITERATURE REVIEWS

This chapter entirely covers and presents the literature review section that has been made in the area and which supports and supplements the study as theoretical frame work. The chapter focuses on the overview of the independent variables and dependent variables, HRM practice and employees' engagement, dimensions of engagement, types of employees in an organizations, hypothesis of the study and conceptual framework.

2.1 Over view of HRM practices and Employees' engagement

HRM has been a critical business in any organization recently and its effect on the company's performance and productivity is dramatically increasing and companies are paying due attention to the area. Therefore, having the right HRM practice has been very instrumental and figuring out the variables in the area is also very important. In today's competitive business world, it is becoming evident that organizations can compete in the market only by innovation which will be attained by managing their human resource in a good way. Employees are considered as a valuable asset to an organization that requires effective management (Femi, 2013)

(Right Management Inc, 2009/2014). Conducted global research covering more than 28,800 employees in 15 countries to understand factors most closely associated with driving Employees' Engagement. And the study revealed that an organization's culture, strategy execution, leadership ability, structure and processes are all inter-related with engagement levels. Key insights are supplied when businesses recognize whether or not personnel are engaged to each the jobs that they do and the enterprise that they work for. This knowledge enables organizations to predict behavior and its effect on key business metrics.

The antecedent and consequence of Employees' Engagement has become important and drawn the attention of researchers and academicians in recent years. The large number of studies has begun to look at the subject for better outlook. Researcher like (Seeger, 2005) established a difference in

the two types of Employees' Engagement i.e. the job and the organization engagement. Researchers argue that these are related but having different constructs. Furthermore, the author suggests the psychological conditions leading to job and organization engagement and their consequences differ in several ways. Most of the HR professional and managers are facing the challenge of how to involve the employees. Recently a study conducted by a global consulting organization found out of ten employees four employees were not engaged world-wide (AON Hewitt report, 2012) some studies related to Employees' Engagement indicates that management should explore the feeling of the employees by asking them as how they feel and what they think can be done to improve the workplace environment.

In today's economic instability, organization started to look into people as an asset so that organization can utilize their skills, knowledge and abilities to sustain the competitiveness in the industry. As discussed earlier, employees who are engaged in their work and committed to their organizations provide key competitive advantages including higher organization performance and productivity and also lower employee turnover, (Robert, 2006)

2.2 Employees' Engagement

The HRM dimension has been recently giving due attention to Employees' Engagement, and this is business management concept and there are key approaches to define engagement. (Kahn, 1990) , was the first to introduce the concept of Employees' Engagement. He has described employee are involved in their work performance at three levels: Physically, Cognitively, and Emotionally.

Several studies in the past have found that very highly engaged workforce creates competitive benefit to firms. Previous researches on the topic (Nazir & Islam, 2017; Hansen, Byrne & Kiersch, 2014; Agarwal, 2014), n.d.) , indicates a constructive connection of the employee's engagement with the overall performance of the organization. Presently, in the academic literature employee's engagement is considered as a positive and job-related state of the mind. This concept got an immense response by the academicians and researchers as the initial evidence had already established the positive association between the performance and Employees' Engagement (Mackay, Allen & Landis, 2017).

(Schaufeli, Bakker and Salanova, 2004) , have defined Employees' Engagement as vigor (energy), dedication (persistence) and absorption (focus). This approach offers simplicity: it stays with energy, involvement and efficacy, adding no other dimensions to the construct. As the concern in the area was increasing, a number of definitions has emerged in the area during the 2000s. (Harter, Schmidt and Hayes, 2002) , stated that "engagement was the individual's involvement and satisfaction with as well as enthusiasm for work (Macey, W H., Schneider, B., Barbera K M and Young, 2009) , have provided a latter definition for engagement as an individual's purpose and focus energy, personal initiative, adaptability, effort, and persistence in achieving organizational goals is apparent to others.

(Schaufeli, Bakker and Salanova, 2004), introduced Utrecht Employees' Engagement Scale to measure these 3 elements of engagement. This approach reflects an assumption that engagement related construct including qualities and requires different strategies and initiatives. In addition, highly engaged employees wouldn't expect someone to make them drive, but take primary responsibility for their own engagement and remain highly engaged. As discussed by Trust et al, employees who are engaged in their work and committed to their organizations give companies huge advantages including higher productivity and lower employee turnover (Truss, C, Soane, E, Edwards, C, Wisdom , K, Croll, A and Burnett, J, 2014).

The employee's engagement was measured on his feeling towards the job, amount of job done, his level of commitment towards job, organization and profession, his level of preserve, his/her motivational level and inspiration to work, feeling of pride in his job, and enthusiastic about job etc. Concepts and hypothesis were developed according to the literature review and researches by different author.

2.3 Dimensions of engagement

Dimensions of Engagement Employees' Engagement is considered as a key predictor of desirable organizational outcomes such as customer satisfaction, improved productivity, innovation and profitability. The 'soft' human-oriented measures, such as employee attitudes, traits, emotions, and perceptions, are regarded as strong predictors of employee behavior and performance (Luthans and Peterson (2001, p.376), 2001). In all the sources reviewed, it becomes evident that many of the constructs associated with Employee Engagement have been examined. Researchers have found a positive relationship between employee cognitive attitudes and performance personality traits and job performance and emotions and favorable job outcomes. (Kahn, 1990) , distinguishes amongst three dimensions of Employees' Engagement, namely emotional, cognitive or physical. Of these, emotional and cognitive dimensions are key constructs for psychological engagement and organizational behaviors. These dimensions are discussed below.

Emotional engagement

(Kahn, 1990), describes emotionally engaged employees as those capable of forming meaningful connections with others, including co-workers and managers, and to experience empathy and concern for other's feelings. This assertion is particularly relevant to this research project and also important considering that the team, cell, and just-in- time manufacturing approaches are adopted in most global organizations (Towers Perrin Talent Report, 2003) emotional engagement is described as having 'the will' to contribute discretionary effort beyond the call of duty. It is believed that personal pride and passion motivate employees to offer discretionary effort. An employee's engagement can be defined as personal satisfaction and a sense of inspiration and affirmation they receive from their work and being a part of a company they are proud of.

Cognitive engagement

The second construct to Employees' Engagement and equally important is cognitive engagement. According to (Kahn, 1990) being cognitively engaged refers to those employees who are aware of their mission and role in the work organization. (Towers Perrin Talent Report, 2003) , adds an organizational dimension to their definition that includes 'the way' a task is performed, including understanding their role, that of their work unit, relative to company objectives. The report further states that employees need the resources, support and tools from the organization to act on their sense of passion and pride, stimulated via the emotive state.

Personal engagement

Next comes the personal engagement. Personal engagement of employees may vary with the performance of different daily tasks. According to (Kahn, 1990) , it is possible to engage on one dimension while not engaging on the other. Moreover, it is stated that an employee's level of personal engagement increases the more engaged he or she becomes on each dimension. (Coffiman, C. and Gonzalez-Molina G, 2002) , based on the definitions of emotional and cognitive engagement, distinguish amongst three levels of personal engagement, namely highly engaged, moderately engaged and disengaged employees. Which has already explained above.

2.4 Types of Employees in an organization

The objective of an organization is to achieve a common goal through the cooperation of individuals. When there are more people working together, the organization will be larger, and vice versa. However, most organizations are not able to make use of their employees to the full potential they have, which is unfortunately the case when it comes to employee performance.

There are some employees in the organization who do not work to their full potential. For the same reason, many factors may be involved. It may be that they do not align with the company's goals, that they have a conflict with their team, that they have a problem with their bosses or their

subordinates, or that they have a general attitude problem. People were therefore classified into three categories - engaged, not engaged, and actively disengaged - as a result of this fact. (Prachi, 2002).

Actively Disengaged:

It is possible to categorize people in an organization as being unhappy and spreading that unhappiness throughout the organization. Their negative words spread throughout the company, provoking people to leave their jobs. However, they tend to stay longer, removing perceived competition from those around them is their plan to get to the top or the next level. (Prachi, 2002)

Not Engaged:

The second type of employees makes up almost 50% of the workforce in organizations. They only follow instructions and like to receive one instruction at a time. The outlook and opinion they have about the organization may be either positive or negative. They may be either positive or negative in their outlook and opinion about the organization. Rather than being proactive, they fail to anticipate what may need to be done next? (Prachi, 2002)

Engaged:

People in the third category are identified by words like passion, alignment, and innovation; which means they are passionate, connected to the company, and innovative. By contributing new ideas, they make ideas a reality. Having a positive outlook and spreading positivity are characteristics of these employees. As proactive individuals, they are able to anticipate future market conditions and plan accordingly. (Prachi, 2002)

2.5 Human Resource Management Practices

In the literatures reviewed, we have observed that, Employees' Engagement is part of best HRM practices, the majority of studies have found a link between HR practices and various measures of corporate performance. However, the study on HR practices and Employees' Engagement is limited to few HRM practices. Therefore, considering the few HRM Practices taken in the studied dimensions, the researcher supposed to see the major HRM practices to be examined to see their effect on the Employees' Engagement. Accordingly, four dimensions of HRM are used:

Recruitment and selection, training and development, remuneration, performance management are taken into account to assess how they affect employee engagement.

2.6 Recruitment and Selection and Employees' Engagement

Recruitment and selection is an important HRM function. This is an important business in any organization because the success or failure of any organization is determined by the quality of its personnel, which is recruited into the organization through this process. (Ezeali and Esiagu, 2010). Recruitment and selection involves getting the best talent for a job ((Obikeze & Obi, 2004), as a result, it is thought vital to follow a trustworthy and valid selection procedure in order to obtain the greatest talent, which will have a significant Effect on the quality and type of talents new workers possess. (Obikeze & Obi, 2004)

The Successful recruitment begins with human resource planning and proper demand forecasting. The staffing process, an organization formulates plans to fill or eliminate future job openings based on an analysis of future needs, the talent available within and outside of the organization, and the current and anticipated resources that can be expanded to attract and retain such talent.

Recruiting and selecting employees are crucial elements of human resources management and are highly influential on the success and objectives of an organization. (Jovanovic, 2004)

Recruitment is the process of identifying and attracting a group of potential candidates to create a pool of candidates to be selected from different sources be it Internal and External. Once these candidates are identified, the process of selecting appropriate employees for employment can begin. This means collecting, measuring, and evaluating information about candidates' qualifications for specified positions. Finally, the right candidates will be given the right job at the right time, to meet the purpose of the organization and individual target too and these practices help to increase the likelihood of hiring individuals who have the right skills and abilities to be successful in the target job with fair and right procedures, (Leopold, 2002) to ensure the best practice.

2.7 Training and Development and Employees' Engagement

Training and development is one of the key areas of HRM practices, which aims to improve or obtaining new skills in organization. Individual training and development focuses solely on changing or developing an individual's knowledge, ability, and attitude in order to achieve high performance and individual development goals. (Werner and DeSimone, 2009) , as a result, Training and Development is an effort to improve present or future employee performance by boosting an employee's ability to perform through Training, typically by changing the employee's attitude or growing his or her skills and knowledge through various development programs.

2.8 Reward Management and Employees' Engagement

Reward and compensation for individual employees is a debatable area in the sphere of HRM (London, H., Higgot, K., 1997), which is a part of compensation package used to motivate, retain as well as attract employees to stay. Recognition is important because it serves as a form of feedback where it helps to inform employees on how well they are performing

This is an important aspect of the study which has been put in specific objective in the study in examining the Effect of the reward system on employee's engagement and finally to suggest sound recommendation for case company and understands the influence of the reward management practice on engagement in general. Employees should be motivated by a compensation system that encourages them to achieve higher levels of performance, productivity, engagement, and dedication. However, because this is totally dependent on an organization's pay philosophy, it is evident that the incentive system must also align with the organization's plans, goals, and culture, as well as ensuring that employees are attracted and retained. (Allen & Killman, 2001). The whole rewards system will be aligned with organizational initiatives to enhance workplace effectiveness, positive job outcomes, and improved employee efforts. (Bamberger, P.A. and Levi, R., 2009). Intrinsic and extrinsic incentives, in general, can be defined. Which, to a considerable part, are completely different.

2.9 Performance Management and Employees' Engagement

Prior research has established the positive effects of Employees' Engagement in the workplace, not only for the organization in its entirety but also for the wellbeing and productivity of individual employees (Kahn, 1990) . It is therefore of paramount importance that research correctly identifies the factors which give rise to increased Employees' Engagement and investment in their job.

Performance Management has is an important HRM practice put in to practice to ensure organization objective on the ground. And hence, it is one of a controversial area in employee and organization relationship in the day to day communication. Therefore, it is very important to have a right system for the performance appraisal process. Employees' performance appraisal process should be fair, transparent and accepted or trusted process, so that, it can ensure the engagement in this dimension. (Malcolm and Jackson, 2002) , three major groups of purposes have been mentioned for performance management: performance reviews, prospective reviews, and reward reviews. In performance discussion, one of the major aspect is feedbacks provided to employees', which entirely provide useful information for both managers and employees. Feedbacks are more effective when it is conducted on ongoing bases, rather to wait for year-end timing. Performance discussion is usually conducted in three phases planning at year beginning, at mid-term and yearend.

2.10 Variables of the study

The variables of the study is classified in to two parts: The dependent variable and the independent variable: Employees' Engagement is the dependent variable which entirely influenced by the independent variable, HRM practices namely: Recruitment and Selection, Training and Development, Reward Management, and Performance Management are the variables in the study.

2.11 Empirical Reviews

Engaged workers are enthusiastic and positive, dedicated to their work, and thoroughly absorbed in their professional activities, according to empirical investigations. Employee engagement could result in a slew of advantages for everyone. At an individual level, because Employees' Engagement allows to employees to use their talents, at an organizational level because, consequently, employees' effectiveness and performance tend to improve. Due to its well-recognized and strategic role, over the past two decades, research in the Employees' Engagement field has rapidly increased.

Employees perceive the organization's application of HRM practices as a commitment to them, which is subsequently returned by employees through positive actions and attitudes such as Employees' Engagement. As a result, employees are more prone to trade their loyalty for resources and benefits supplied by their employer.

As studied by, (Urbini, F.; Chirumbolo, A.; Giorgi, G.; Caracuzzo, E.; Callea, A. , 2021) , in their study, they looked at the association between HRM practice perceptions and employee engagement, utilizing flexibility as a moderator. HRM practices are favorably associated to employee engagement, according to the findings, while adaptability moderates this relationship.

According to Adel Ali's research on the Effect of human resource management techniques on employee engagement, the two independent variables have a substantial association with the dependent variable. Finally, it has been discovered that HRM practices have an Effect on employee engagement. This demonstrates the need of firms developing adequate and well-structured HRM policies in order to achieve high employee engagement levels. The study also contributes practically by concluding that communications, employee development and rewards and recognitions definitely provides a strong base for dynamic organizations to manage the creative culture that can promote their abilities and competency as well as other strategic priorities to gain a competitive advantage. According to this study, employee communications, employee development, and rewards and recognitions are crucial to employee engagement. And managers

should provide communications, development and rewards and recognitions to the employees in order to increase the level of Employees' Engagement.

In this study, the researcher has examined the influences of Selected HRM practices on Employees' Engagement. Therefore, from the empirical reviews, it is clear that the selected HRM practices differ from study to study and there is no full-fledged HRM dimensions studied in a single study. Thus, as this is a key gap on the area, the researcher preferred to select the basic/core functions in a case company and conduct the study in the selected HRM dimensions.

2.12 Hypothesis

H1: Recruitment and Selection practice has significant positive relationship with Employees' Engagement

H2: Training and Development practice has significant positive relationship with Employees' Engagement

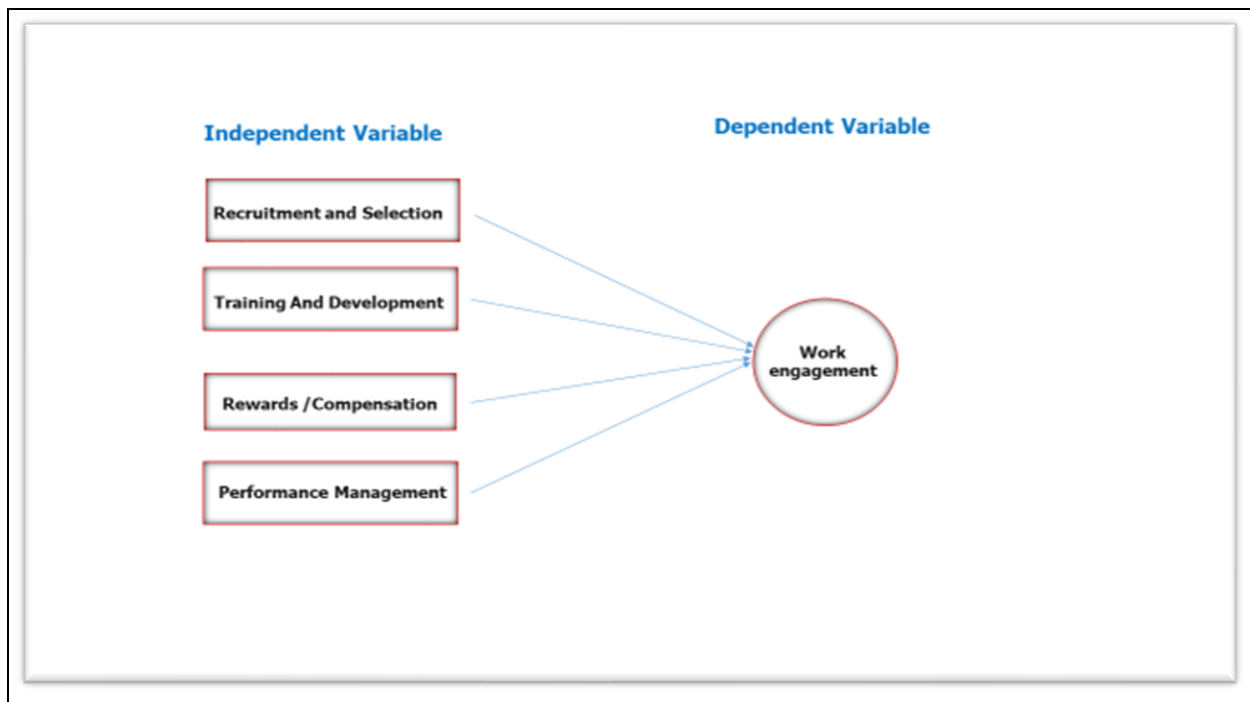
H3: Reward Management practice has significant positive relationship with Employees' Engagement

H4: Performance Management practice has significant positive relationship with Employees' Engagement

2.13 Conceptual Frame Work - Model

The conceptual frame work is derived from the literature reviewed and we can clearly see the independent variables, HRM Practices, and the dependent variables, employees' engagement in illustrative ways.

Figure 2.1 Conceptual Model



Source: Adopted from Literatures

CHAPTER THREE

RESEARCH METHDODOLOGY

This chapter entirely covers and presents the research methodology that was deployed to conduct the study. The chapter focuses on research design deployed, population and sampling design used, data collection methods, research procedures followed, and data analysis methods.

3.1 Research Methodology

The method of research used in this study was a quantitative one. Because the qualitative approach to research is concerned with subjective assessments of attitudes, opinions, and behavior, the researcher has used quantitative research in this study, which is a method for collecting numerical data and explaining a particular phenomenon by generalizing it across groups of people. Quantitative research approach used to show and represent questionnaires responses and reach to sound findings and conclusions in the study (Kothari, 2004).

As a result, a quantitative research approach was used to analyze the influence of selected HRM strategies on employee engagement.

3.2 Area of the Study

The study was conducted in MOENCO Head Office, which is found around Bole – Near Hayat Hospital in the premises with area of 34,000 m². MOENCO has 8 Branches and 15 Dealers in different regions of the country. The company is the major Distributer for Toyota, New Holland and Komatsu Machineries and other 20 major brands with Automotive Sales, Service and Parts Sales.

3.3 Research Design

It is possible for academic research to be exploratory, descriptive, or explanatory. Exploratory studies aim for basic knowledge within the problem area. Descriptive research is appropriate when a problem is clearly structured but the intention is not to conduct research about connections between causes and effects. Explanatory research is useful for studying relations between causes and effects (Kothari, 2004)

In this study, explanatory research, was deployed to see the relations between causes and effect of HRM practices and employees' engagement. Accordingly, this study had deployed explanatory research design.

3.4 Description of the study variables

The study's variables are divided into two categories: The dependent and independent variables are as follows: Employee engagement is the dependent variable, which is totally Effected by HRM practices, the independent variable. The following HRM practices are included in the independent variable:

- Recruitment and Selection, the company current resourcing strategy and practice was assessed in perceived employee views,
- Training and Development, the Training and Development practice of the company was assessed,
- Reward Management, the pay and benefit management practice and reward structure was assessed through employees perceived rewards,
- Performance Management, the process that has been put in to practice , to bring high performing culture and the appraisal process integration with other HRM practices was evaluated

3.5 Population and Sampling Design

3.5.1 Population

A population can be defined as all individuals or items (analysis units) possessing the desired characteristics in statistics (Kothari, 2004). MOENCO employees who have worked at the company are the study's target audience. Respondents were selected because they have first-hand experience with the HRM practices in place at the company. Thus, the study excluded those employees who are at Managerial positions in the Company. In addition, branch locations employees were not considered due to remoteness and data management challenges at branch sites.

Accordingly, the study population had taken a total of 90 employees of MOENCO S.Co Head Office in Addis Ababa from all departments.

3.5.2 Sample Design

3.5.2.1 Sampling Frame

The sampling frame consists of all the items from which the sample is drawn (Kothari, 2004). The sampling frame for this study was a list of employees from all departments at head office namely Human Resource Department, Finance Department, After Sales Department, Marketing and CEX Department and Automotive Sales Department, the total population size is 920 and from the total size 90 employees were selected from the departments in random sampling techniques way.

3.5.2.2 Sampling Technique

(Kothari, 2004) Defines sampling design/technique as a definite plan for obtaining a sample from the sampling frame. A simple random sampling technique was used. This method was considered simple in data collection. It was possible to achieve a good level of homogeneity in the departmental classification. Therefore, the sample was selected from the various departments in a random manner to give a better representation of the population as a whole.

3.5.2.3 Sample Size

Sample size represents the number of items selected from the population (Kothari, 2004). According to (Mason and Marchal, 2002) the size of a sample depends on three key factors; the level of confidence desired, the margin of error, and the variability of the population. According to the below table, we can reach at a sample size of 90 from the 920 employees, total population, and medium sample size representation.

Table 3.1 Sample Size

No	Population Size	Small	Medium	Large
1	51- 90	5	13	20
2	91-150	8	20	32
3	151-280	13	32	50
4	281-500	20	50	80
5	501-1200	32	80	125
6	1201-3200	50	125	200
7	3201-10000	80	200	315
8	10,001-35,000	125	315	500

Source: (Carvalho, 1984)

3.5 Type of data and tool /instruments of data collection

3.5.1 Questionnaire Development

Structured questionnaires with close-ended questions were used in this study, and all data were collected quantitatively. This study focused on 90 respondents with a limited timeline for data gathering and analysis, therefore, closed ended questions are needed. The questionnaire deployed had been a tested questionnaire used in many related studies, which is found in a reputable academic study, (International Journal, January 2014) this entirely supported to meet the study purpose.

The questionnaires is divided into two parts. The first part consists of demographic questions, which contains personal characteristics of respondents including: age range, gender, educational

level, current department, and years of experience. The second part consists lists of quantitative questions considering the 4 independent variables, selected HRM practices, which requires rating from 1 to 5 (1= Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree) on the questionnaire's answers.

The part consists lists of quantitative questions considering the dependent variable, which requires rating from 1 to 5 (1= Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree, 5= Strongly Agree) on the questionnaire's answers.

The flow of the questionnaire moves from topic to topic that involves questions that are directed towards assessing the Effect of each the selected HRM practices on employee's engagement, the dependent variables and also asses the engagement related question reflections of the respondents.

3.5.2 Data Collection Techniques

This study is entirely based on primary sources of data, which will be gathered through structured questionnaire. In this study the five given constructs have been measured by a number of questions using a five-point Likert scale adapted from the study conducted by (Harter, Schmidt and Hayes, 2002).

The secondary data were used through document analysis to supplement the primary data. A number of related HRM policy manuals, collective agreement, Performance Management manual, recruitment and selection guidelines, and reward and recognition procedure manuals of the company were used to support the study, and reach at a sound approaches and put instrumental findings for this study.

3.6 Data Analysis

The purpose of data analysis is to condense large amounts of data into manageable chunks, create summaries, and produce detailed results. To achieve the research's goal, data analysis was carried out. The data was summarized, collated, revised, and categorized as a consequence of the primary

survey. A Statistical Package for Social Scientists (SPSS) computer program was used to analyze descriptive and inferential statistics.

Descriptive statistics like frequency, percentages, means, and standard deviations, as well as inferential statistics like correlation analysis and regression analysis, were utilized to make reasonable conclusions and suggestions.

3.7 Ethical Consideration

We did not use names or identifying remarks during the administration of the questionnaires. It was kept confidential that the data collected from the respondents for the study was confidential as well. Data were collected based on respondents' questionnaire responses, rather than the opinions and input of the researcher, and the data were not used in any other way than to conduct the research. The data were collected with the respondents and the company's full consent.

3.8 Validity and Reliability Tests of the Research

3.8.1 Validity Test

As described by (John, 2007), the extent to which variations observed with measuring instruments represent differences among the variables being examined is referred to as validity. As a result, it is clear that construct validity entails defining appropriate operational metrics for the concepts under investigation. (John, 2007) , to ensure that the content of measuring is relevant to the study, a literature review was undertaken and extensively analyzed. The questionnaire was amended throughout the process depending on the literature on the issue and subsequent reviews by the advisor. Instrument validity is the most important criterion since it determines if an instrument measures what it was designed to assess in the first place. (Kothari, 2004).

3.8.2 Reliability Test

Cronbach's alpha is a technique for evaluating reliability on a scale that usually spans from 0 to 1. Internal consistency dependability is a metric for comparing the consistency of distinct construct items. When respondents are given a multiple-item construct measure, the degree to which they assess the items in the same way is a reflection of internal consistency. As a result, the study

employed a multiple–item assessment scale internal consistency technique. (George and Mallery, 2003) A Cronbach's alpha coefficient of greater than 0.9 indicates excellent performance, greater than 0.8 indicates good performance, greater than 0.7 indicates acceptable performance, greater than 0.6 indicates questionable performance, greater than 0.5 indicates poor performance, and less than 0.5 indicates unacceptable performance." According to (Zikmund, 2010), A Cronbach's alpha score of 0.70 or above is regarded appropriate for determining reliability in this study, with coefficient alpha between 0.6 and 0.7 indicating fair reliability.

Table 3.2 Reliability Statistics of Variables

List of variables	Cronbach's Alpha	N
Recruitment and Selection Practice	0.705	11
Training and Development Practice	0.744	10
Reward Management Practice	0.742	9
Performance Management Practice	0.714	10
Employees' Engagement	0.713	12

Therefore, from the above Table 3.2, we can see that the reliability of the measurements in the variables meet the internal consistency and reliable with Cronbach alpha greater than 0.7 for all the variables in the study.

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter covers the analysis undertaken with the data collected with help of questionnaire distributed. The chapter used descriptive and inferential data analysis techniques to examine the features of the sample collected, as well as a discussion of the independent and dependent variables.

To conduct the study, 90 questionnaires were distributed based on the anticipated sampling. 86 employees responded and returned the questionnaires, resulting in 96 percent response rate. As suggested by (Pallant, 2005), a response rate of 70% and above is excellent; hence, this response rate is adequate for analysis and discussion of the finding.

4.1. Descriptive Analysis

4.1.1 Demographic Profile of Respondents

The first part of the questionnaire consists of six items about demographic information of the respondents. It covers the personal data of respondents, such as gender, age, marital status, educational profile, service year of the respondents and their department. Below is a table showing the demographic characteristics of the respondents.

Table 4.1 Demographic characteristics of respondents

Demographic variables		Frequency	Percent
Gender profile	Male	52	60.5
	Female	34	39.5
	Total	86	100.0
Age profile	Below 30	8	9.3
	30-40	42	48.8
	41-50	24	27.9
	Above 50	12	14.0

	Total	86	100.0
Marital status	Single	38	44.2
	Married	48	55.8
	Total	86	100.0
Educational Profile	Masters	21	24.4
	BA/BSc	46	53.5
	Diploma	19	22.1
	Total	86	100.0
Experience in the organization	Below 1 Year	4	4.7
	1 to 2 Years	36	41.9
	2 to 5 Years	27	31.4
	5 to 10 Years	19	22.1
	Total	86	100.0
Departments	Aftersales	20	23.3
	Sales and Marketing-CEX	24	27.9
	Finance	16	18.6
	HR and Admin	12	14.0
	Machinery	14	16.3
	Total	86	100.0

Source: from the survey

As shown in the table 4.1 52 are Male which accounts 60.5% and the 34 are female respondents which is 39.5%. This depicts the respondents participated from both gender and it encompasses the view of both gender categories. When we look at on the age profile of the respondents, 48.8 % of them are aged between 30-40 and 27.9 % are between 41-50, which entirely covers all age groups as a respondent and 14% above 50 years and 9.3% are young and respondents below 30 years. From age profile, we can see that the respondents are more from all age categories.

The marital status in the above table shows 55.8% of the respondents are married and 44.2% of them are single. When we see the educational profile, 53.5% of the respondents are first degree holders and 24.4% are at Masters Level and 22.1% of them are Diploma holders. From educational profile we can see that the candidates are educated from diploma to Masters Level, and this can support that the respondents are fit to understand the questionnaire and hence, the researcher was not expected to translate the questionnaire to local language. Hence, the responses were reliable in the data processing and subsequent findings.

When we see the respondents experience in the company, more than 95 % of the respondents have more than one year service in the company. This entails that the respondents are very familiar to the company’s selected HRM practices. The departmental distribution has also 14% to 27%, which entirely shows the respondents proper scattering within department in the company.

4.1.2 Descriptive Statistics of Variables

In the analysis (Zaidatol and Bagheri, 2009) comparison bases of mean score for five point Likert scale instruments is used to compare the mean value.

Mean score description 3.80 High. According to (Zaidatol and Bagheri, 2009) a mean score of less than 3.39 is regarded low, In the moderate category, a mean score between 3.40 and 3.79 is considered, while in the high category, more than 3.8 is considered.

Table 4.2 Summary of Independent and Dependent Variables

	N	Mean	Std. Deviation
Recruitment Practice	86	2.48	.502
Training and Development Practice	86	2.47	.502
Reward Management Practice	86	2.44	.523
Employees Engagement (DP)	86	2.33	.471
Performance Management Practice	86	2.28	.567
Valid N (listwise)	86		

From the summarized table, we can see that the respondents’ summary of recruitment practice has mean data of 2.48 and Standard deviation.502. This implies, as per the (Zaidatol and Bagheri, 2009), the mean score less than the 3.35 refers very low and the responses refers employees are not satisfied with the current recruitment and selection practice of the company.

From the summarized table, we can see that the respondents’ summary has mean data of 2.47 and Standard deviation .502. This implies, the mean score less than the 3.35 refers very low and the respondents responses is below the average in the Training and Development practice in placed in the company.

From the summarized table, we can see that the respondents' summary has mean data of 2.44 and Standard deviation. .523. This implies, respondents view towards the reward practice is very low in the company.

From the summarized table, we can see that the respondents' summary for employees' engagement has mean data of 2.33 and Standard deviation .567. This implies employees' engagement is below average standard from mean description.

From the summarized table, we can see that the respondents' summary for Performance Management practice has mean data of 2.28 and Standard deviation .567. This is the lowest mean data from variables listed, accordingly, employees' response to performance is entirely below the mean average and this entirely implies, the Performance Management practice in the company is at low standard as per the perceived responses from data collected.

4.2 Correlation Analysis

A correlation analysis is used in this study to determine the strength of the relationship between the variables in the study (HRM Practice and employee engagement). According to (Pallant, 2005), the degree and direction of a linear relationship between two variables is described via correlation analysis. To examine how dependent and independent variables are related, the bivariate Pearson Product-Moment Coefficient (r) was utilized.

When doing hypothesis tests, it's crucial to keep track of the probability (p) value. If the p value is greater than 0.05, the independent variable has no effect on the dependent variable. If $p < 0.05$ is present, it indicates that the independent variable has an effect on the dependent variable. (Pallant, 2005). The test also gives a number between -1.00 and 1.00 to reflect the degree of a relationship between variables; 0 indicates no relationship, -1.00 indicates a negative correlation, and 1.00 represents a perfect positive correlation. (Pallant, 2005).

Table 4.3 Pearson Correlation of Variables

		Recruit ment Practice	Training and Development Practice	Reward Manage ment Practice	Performance Management Practice	Employees Engagement
Recruitment Practice	Pearson Correlation	1	.230*	0.04	-0.018	0.082
	Sig. (2- tailed)		0.033	0.717	0.867	0.453
	N	86	86	86	86	86
Training and Development Practice	Pearson Correlation	.230*	1	0.194	-0.007	0.049
	Sig. (2- tailed)	0.033		0.073	0.951	0.657
	N	86	86	86	86	86
Reward Management Practice	Pearson Correlation	0.04	0.194	1	.294**	.317**
	Sig. (2- tailed)	0.717	0.073		0.006	0.003
	N	86	86	86	86	86
Performance Management Practice	Pearson Correlation	-0.018	-0.007	.294**	1	.316**
	Sig. (2- tailed)	0.867	0.951	0.006		0.003
	N	86	86	86	86	86
Employees Engagement	Pearson Correlation	0.082	0.049	.317**	.316**	1
	Sig. (2- tailed)	0.453	0.657	0.003	0.003	
	N	86	86	86	86	86

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

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

According to the correlation results in the above table, there is a significant positive relationship between recruitment practices and employee engagement (sig=.453, r=0.82).

There is significant correlation between Training and development and employees' engagement (sig=0.657, r = 0.049).

There is significant correlation between Reward Management practice and employees' engagement (sig=0.003, r = .317**).

There is significant correlation between Performance Management practice and employees' engagement (sig=0.003, r = .316**).

As shown in table 4.3, all the independent variables have a significant correlation with the dependent variables as shown in the table, and all the independent variables have a correlation with each other except for recruitment, Performance Management, and training and development and performance, which have no correlation with the (-) result.

4.3 Regression Analysis

Multiple regressions and linear regression analyses are shown in the regression analysis. A multiple regression analysis investigates the effects of multiple independent variables on a single, interval-scaled dependent variable at the same time (Zikmund, W.G., Babin, B.J, Carr, J.C., and Griffin M, 2010). In order to test whether four independent variables had an Effect on the dependent variable, employee engagement, the researcher used regression analysis. Thus, in this study the researcher used multiple regression analysis and liner regression, in which tests have been made to examine whether one or more independent variables influence the variation on dependent variable. To demonstrate how well the four explanatory factors in the model genuinely explain the fluctuations in the dependent variable, i.e. Employees' Engagement, it is necessary to test it through goodness of fit statistics.

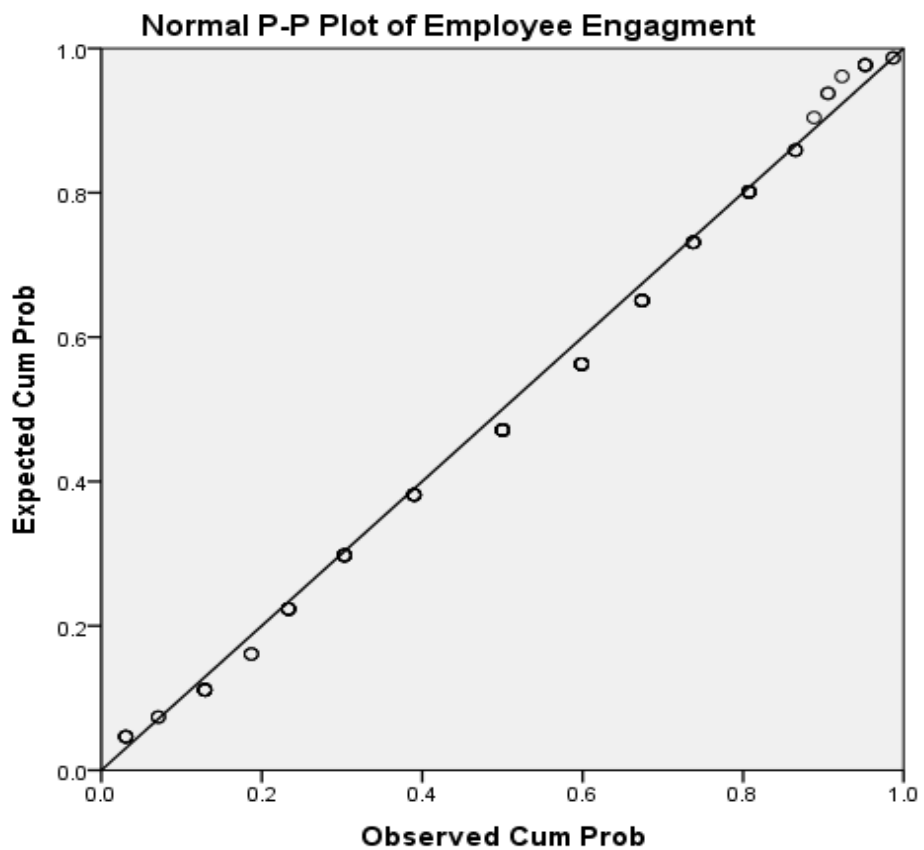
4.3.1 Simple Linear Regression Analysis

Normality test assumptions

The assumption of normality is important in regression (or general linear models) research and facilitates generalizing the results beyond the sample size of the study (Field, 2009). P-P plots

(probability–probability plots) are therefore one way of determining whether a distribution is normal for simple linear regression analysis. Hence, in order to establish the validity of these assumptions, the researcher also checked for normality through a P-P plot.

Figure: 4.1
Normality Test



Deviations from normality are also visible on the normal probability plot. The points in this plot reflect the observed residuals, whereas the straight line depicts a normal distribution. As a result, in a data set with precisely normal distribution, all points will lie on the line. (Field, 2009) Likewise, as we seen in the above figure (figure 4.1), the dots are closely plotted to the straight line, which indicate a small or no deviation from normality and there are no extreme cases

observed. Therefore, the assumptions of simple linear regression have been met and we can assume that the model is accurate and can be generalized to the population.

Table 4.4 Model Summary of Selected HRM practices and employees’ engagement

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Change Statistics	
					R Square Change	F Change	df1	df2	Sig. F Change
1	.728 ^a	0.53	0.506	0.255	0.53	22.797	4	81	.000

R Represent the relationship between dependent and all the independent variables

R² Represent how much of the dependent variable can be explained by the independent variable

As shown in the table 4.4 above, it was realized that engagement had a high relationship with the selected HRM practices. The correlation value was .728 which is considered an excellent relationship because the value is greater than 0.70 (Pallant, 2011) Furthermore, the value was positive, which indicates that as independent variables increase, dependent variables also increase. Based on the R², the independent variables (Selected HRM practices) could explain 53 % (0.530) of Employees' Engagement. As a result, we can deduce that the study's model is a good fit for the data. The independent variables in this study are the most important predictors of employee engagement, as indicated by the empirical findings.

Table 4.5 ANOVA of Selected HRM practices and employees’ engagement

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.(p-value)
1	Regression	5.930	4	1.483	22.797	.000 ^b
	Residual	5.268	81	.065		

	Total	11.198	85			
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a. Dependent Variable: Employees' Engagement

b. Predictors: (Constant), Performance Management Practice, Training and Development Practice, Reward Management Practice, Recruitment Practice

The information regarding the variation of the dependent variable explained by the existing model utilized for this investigation is summarized in Table 4.5, as well as the residual, which represents the variation of the dependent variable not captured by the model. The independent factors have a substantial effect on the dependent variable, with an F-value of 22.797 and a p-value of less than 0.05 (i.e. p value 0.000), showing that the model used in the study is significantly good at explaining the variance on the dependent variable. To ensure the statistical adequacy of the model, the goodness of fit can also be measured by the square of the correlation coefficient also called R².

4.3.2 Multiple Linear Regression Analysis

Multi co linearity Assumptions

In multiple regression analysis, the regression coefficients become less accurate as the degree of correlation between the independent variables grows. As a result, when independent variables have a high degree of correlation, we have what is commonly known as multicollinearity (Kothari, 2004)

Table 4.6 Multi Collinearity Test coefficients

		Coefficients ^a			
Model		95.0% Confidence Interval for B		Collinearity Statistics	
		Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-.037	.921		
	Recruitment Practice	.120	.447	.596	1.679
	Training and Development Practice	-.239	.151	.690	1.449
	Reward Management Practice	.188	.441	.793	1.262

	Performance Management Practice	.050	.409	.678	1.474
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a. Dependent Variable: Employees' Engagement

Table 4.6 shows the tolerance test for the independent variables through Co-linearity in SPSS. The tolerance values were quite acceptable i.e. tolerance > 0.2. One other method of testing multi-co linearity was estimating Variance Inflation Factor (VIF). If VIF is greater than 10, the variable is very collinear and may cause problems with regression analysis. All of the variables in the preceding table have VIF values of less than 10, which means they have VIF values ranging from 1.262 to 1.679, which is acceptable because they were likely free of major co linearity issues.

4.3.3 Regression Coefficient

Table 4.7 Regression Coefficient of Selected HRM practices and employees' engagement

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.171	0.386		3.035	0.003	0.403	1.938
	Recruitment Practice	0.075	0.098	0.08	0.769	0.444	-0.12	0.271
	Training and Development Practice	-0.015	0.1	-0.016	-0.147	0.884	-0.214	0.185
	Reward Management Practice	0.22	0.098	0.244	2.244	0.028	0.025	0.415
	Performance Management Practice	0.205	0.089	0.246	2.306	0.024	0.028	0.381

As shown in table 4.7 above, of the total four explanatory variables tested in this study, Recruitment Practice (p-value=. 0.444), Training and Development Practice (p-value=.0.884), Reward Management Practice (p-value= 0.028) and Performance Management Practice (p-value=0.024) were independent variables that their coefficients is checked. Based on the table, we can clearly see that Reward Management practices were statistically significant at 5% or less. The regression coefficient in this study is 0.22, and the P-value is 0.028, demonstrating that Reward

Management practice and performance have a strong positive relationship. Employee engagement has a small but significant positive association with the other variables.

4.4 Testing Hypothesis

Correlation analysis is used here to show the results of the study indicated by statistics. The investigation's hypotheses were compared to the correlation between independent factors and employee engagement. The results reveal that the dependent variable, Employees' Engagement, has a substantial link with the independent variables selected HRM practice: Recruitment and Selection, Training and Development, Reward Management, and Performance Management. Therefore, considering each hypothesis we will discuss the acceptance or rejection based on the testing carried out in this study.

H1: There is significant positive relationship between Recruitment and Selection and Employees' Engagement in MOENCO.

The correlation finding, as shown in table 4.3, reveals a substantial positive association between Recruitment and Selection and Employee Engagement. The Pearson correlation result, as shown in table 4.3, reveals a substantial positive association between Recruitment and Selection and Employee Engagement, with a correlation value of $r = 0.082$ and a significance level of 0.453. As a result of the findings, it can be inferred that recruitment and selection have a considerable Effect on employee engagement. As a result, the hypothesis (H1) that there is a significant positive association between MOENCO's recruitment and selection and employee engagement is accepted.

H2: There is significant positive relationship between Training and Development and Employees' Engagement in MOENCO.

The correlation finding, as shown in table 4.3, reveals a significant positive association between Training and Development and Employee Engagement. The Pearson correlation result, as shown

in table 4.3, reveals a substantial positive association between Training and Development and Employee Engagement, with a correlation value of $r = 0.049$ and a significance level of 0.657. As a result of the findings, it can be concluded that training and development have a major Effect on employee engagement. As a result, the hypothesis (H2) is accepted, stating that there is a substantial positive association between Training and Development and Employee Engagement in MOENCO.

H3: There is significant positive relationship between Reward Management and Employees' Engagement in MOENCO.

The correlation result demonstrates that there is a strong positive association between Reward Management and Employee Engagement, as shown in table 4.3. The Pearson correlation result, as shown in table 4.3, reveals a substantial positive association between Training and Development and Employee Engagement, with a correlation value of $r = .317^{**}$ and a significance level of 0.003. This is the study's highest correlation coefficient. As a result of the findings, it can be inferred that reward management has a major Effect on employee engagement. As a result, hypothesis (H3) is accepted, stating that there is a substantial positive association between Reward Management and Employee Engagement in MOENCO.

H4: There is significant positive relationship between Performance Management Practice and Employees' Engagement in MOENCO.

The correlation finding, as shown in table 4.3, reveals a substantial positive association between Performance Management Practice and Employee Engagement. The Pearson correlation result, as shown in table 4.3, reveals a substantial positive association between Performance Management Practice and Employee Engagement, with a correlation value of $r = .316^{**}$ and a significance level of 0.003. This is the study's second correlation coefficient. As a result of the findings, it is possible to conclude that performance management practices have a considerable Effect on employee engagement. As a result, the hypothesis (H4) is accepted, stating that there is a substantial positive association between Performance Management Practice and Employee Engagement in MOENCO.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter entirely focuses on the summary of the major findings of the research questions, conclusions and recommendations suggested based on the responses of research participants in light of the prevailing insights in the study dimensions.

5.1 Summary of Major Findings

The main objective of this study was to assess the effect of the selected HRM practices on Employees' Engagement. And employees of the company perceived feeling towards the selected practices, as a result it has been assessed carefully and the findings are presented accordingly.

Employees' perceived feeling and attitudes have been viewed as a means to evaluate and predict their engagement in the selected HRM practice (Hogan et al., 1996). In addition, according to (Armstrong, 2006), positive and favorable attitudes towards the job indicate their tendency to be engaged and strong desire and responsiveness for the service they receive. In contrary, negative responses towards the job indicate dissatisfaction and disengagement in return.

The researchers employed a standard questionnaire created by a number of academics. A pilot test was undertaken to ensure the reliability and validity of these standard scales, which completely confirmed that the questionnaire was reliable with a Cronbach's alpha score of 0.724. A total of 90 questionnaires were provided to study participants, with 96 percent of the surveys being returned and analyzed.

Depending on the pertinent theories of the research, employees' engagement can be expressed by job satisfaction, motivation, commitment and their attitude towards the selected HRM practice in the company. Based on this, the study tried to assess the four independent variables on employees' engagement.

Hence, the findings of the research have been summarized and presented here:

- According to the regression output the selected HRM practices influence employees' engagement. Therefore, MOENCO should give emphasis to these HRM dimensions to ensure better employees engagement in the company.
- We can observe from the descriptive statistics of the variables that the mean values for the independent variables are below average, implying that employees' perceptions of the chosen HRM practice are also below average.
- Reward /compensation and Performance Management are the two HRM practices which are listed at bottom and MOENCO should give due attention to figure out the underling source of disengagements.
- Based on the regression score Reward Management practice is more significant from the variables listed with a regression coefficient of 0.22, and P-value of 0.028.
- Based on the regression model, it was realized that engagement had a high relationship with the selected HRM practices.
- The correlation value of independent variable and the dependent variable, engagement, was .728 (72.8 %) which is considered an excellent relationship because the value is greater than 0.70 (Pallant, 2011). The correlation result shows there is a significant positive relationship between Selected HRM and Employees' Engagement.
- The R^2 indicates that 53 % (0.530) of Employees' Engagement could be explained by using the independent variables (Selected HRM practices).
- We can see that the study's model is an excellent fit for the data. This finding suggests that the study's independent factors are the most important determinants of employee engagement.
- The Pearson correlation result shows a significant positive correlation between the selected HRM practices and Engagement with positive correlation coefficient of r and significant. As a

result of the findings, it can be inferred that the chosen HRM practices have a considerable Effect on employee engagement. As a result, all of the hypotheses have been tested and accepted.

5.2 Conclusions

The primary goal of this research was to determine the effect of the chosen HRM practice on employee engagement. A total of 90 people were planned to be surveyed for the study. However, only 86 people responded and returned their questionnaires, resulting in a response rate of 96 percent. The Data was collected using structured questionnaires. Data were analyzed using the SPSS program to determine frequency distributions, percentages, Pearson correlations, and multiple regressions. The data was presented using tables. There is a wide diversity of respondents by age group, gender, educational background, and year of experience. From the summary of the findings and based on the objectives of the study the researcher reached to the following conclusions:

- According to the responses collected, the selected HRM practices have an Effect on employee engagement, therefore, companies should give due attention to their HRM practices in place to have engaged employees, so that to meet their purpose.
- From the selected HRM practices identified in the study, Reward /Compensation practice has more Effect on the employees' engagement in MOENCO. Therefore, the company should develop fair, transparent and reliable Reward Management process, to ensure a dependable practice.
- From the selected HRM practices identified for the study, Performance Management practice has the next Effect on the employees' engagement. Therefore, the company should focus on how Performance Management practice has been carried out and need to be revised its process, so that high working systems can be ensured in the company with engaged work force.
- Recruitment and Selection and Training and Development practices have a less significant Effect on employees' engagement than Reward Management and Performance Management

practices, considering the HRM practices analyzed in the study. Therefore, the company should peruse the good practices and identify the gaps to bring them to better employees' engagement level.

- The major source of the employees disengagement in the company were from the HRM practices carried out, the selected HRM practices have their own contributions, in which the engagements can be explained by 53% (Regression factor) and others variables are also a source of disengagements, further investigation can be conducted in other variables of the study. Therefore, future research undertaking can take a step on this study and figure out further findings in the area.

5.3 Recommendations

Based on the research findings, the study has produced the following recommendations to improve the influence of the selected HRM practice on Employees' Engagement:

- As the Effect of the selected HRM practice on Employees' Engagement is important dimension in Employees' Engagement, companies should give due attention to their HRM department purpose, specifically the practices in place.
- As the influence of Reward /Compensation practice has more Effect on the employees' engagement, the company should set up a function that address the reward and compensation responsibilities and increase ownership of the major disengagement areas, so that, it helps the company create good reward /compensation practice, which is clear for all staff and create more visibility and transparency in reward management area.
- As the influence of Performance Management practice has more Effect on the employees' engagement, the company should set up a unit that address the Performance Management process in a professional ways, so that, to create high working culture and systems, by revising the current performance appraisal process in all departments.
- Review and identify the major gaps in its recruitment and selection and Training and Development areas, though it has lesser Effect on the employees' engagement in the company comparing to the other HRM practices. The company should peruse the good

practices and identify the gaps and take corrective measures to bring better employees' engagement level.

- Further study on other independent variables is recommended, to reach on overall dis engagement source of the company, as the selected HRM practices can only explain the engagements by 53% (Regression factor) and others variables are also a vital source of disengagements, which can be investigated in other study variables.

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Appendixes



Addis Ababa University
College of Business and Economics
School of Commerce

Questionnaire

Dear Participants,

You are invited to participate in this survey, the Effect of selected HRM practices on employees' engagement in case of MOENCO. These Survey questions are carefully designed to assess how employees' engagement can be effected due to the different HRM practices. Having purpose to study on the effect of HRM practice on employees' engagement, the study intends to figure out the relationship between employees' engagement and HRM practices for educational purpose. Accordingly, your personal information will remain confidential to the researcher use only.

The information obtained from this survey will be used to complete a study in fulfillment of the requirements for Masters of Human Resources Management (MA).

General Instructions:

For your free and genuine responses, you are not required to write your name. If you have any query, please do not hesitate to contact the student mobile telephone No.: +2519 11 338410 or e-mail address yibeltalhailu@gmail.com. To the end, I would like to forward my deepest gratitude for your unreserved cooperation in filling the questionnaire.

SECTION A: DEMOGRAPHIC DATA

1. Gender Male Female
2. Age below 30 30-40 41-50 Above 50
3. Marital Status Single Married Widowed Divorced
4. Educational qualification level
- PHD MBA/MSc BA/BSc Diploma High school and below
5. Your service year in this Organization
- Below 1 year 1-2 years 2- 5 years 5-10 years above 10 years
6. Select Your Department
- After Sales Sales and Marketing Finance HR & Admin Machinery

SECTION B:

Employees own perception on the HRM practices will be asked and rated using the following key (1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree), how would you agree with the following statements in relation to the selected HRM practice dimensions: Recruitment and Selection practice, Training and Development, Reward Management practice, Performance Management Practice, Employees Relation and Working condition/Environment? (*Please make “x” mark on your choice*)

Employees own perception on the company Recruitment and Selection Practice Using the following key rating (1= „strongly disagree”, 2= „disagree”, 3= „neutral”, 4=„agree”, 5=„strongly agree”), how would you agree with the following statements in relation to Recruitment/Selection Practice of the Company?

	<i>Strongly disagree</i> 1	<i>Disagree</i> 2	<i>Neutral</i> 3	<i>Agree</i> 4	<i>Strongly agree</i> 5
1. Recruitment and Selection practice					
1:1 <i>There is a proper identification process of employment vacancies depending upon the business needs, policies and strategies</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1:2 <i>Employees are provided with relevant and adequate info about their job and the organization at the time of the process of recruitment.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 1:3 The candidate is selected in the organization purely on merit
- 1:4 My recruiter was professional
- 1:5 There was an appropriate amount of information available on the role and the job itself
- 1:6 My recruiter was quick to respond or feedbacks
- 1:7 My recruiter was knowledgeable
- 1:8 My recruiter was proactive and reply immediately
- 1:9 I learned about the company and what it is like to work there
- 1:10 My recruiter explained me the roles and responsibilities quite clearly
- 1:11 My recruiter explained the rest of the recruitment process quite clearly

Employees own perception on the company Training and Development Practice Using the following key rating (1= „strongly disagree”, 2= „disagree”, 3= „neutral”, 4=„agree”, 5=„strongly agree”), how would you agree with the following statements in relation to Training and Development Practice of the Company?

- | | Strongly disagree | Disagree | Neutral | Agree | Strongly agree |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1 | 2 | 3 | 4 | 5 |
| 2.Training and Development practice | | | | | |
| 2:1 There is well defined process of identifying needs for training to employees in our organization | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2:2 The management place the right person at the right job after the training | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2:3 Employees are given trainings all around including general problem solving skills, social skills, and broad information of the business and organization | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2:4 The management focus is always developing right content of the training program that remain according to the changes in the needs of our jobs and business. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 2:5 *Employees are always encouraged to participate in various seminars and workshops etc. to keep themselves up-to-date*
- 2:6 *The management recognize the needs of career growth of its employees and accordingly support them*
- 2:7 *Excellent growth opportunities are available for top performer*
- 2:8 *Changes are dealt effectively by integrating the HR issues affecting career growth*
- 2:9 *Do you think that the Management/leadership shows a genuine interest in your career development?*
- 2:10 *Do you feel like this is a good place for you to develop your career?*

Employees own perception on the company Reward Management Practice Using the following key rating (1= „strongly disagree”, 2= „disagree”, 3= „neutral”, 4=„agree”, 5=„strongly agree”), how would you agree with the following statements in relation to Reward Management Practice of the Company?

- | | <i>Strongly disagree</i> | <i>Disagree</i> | <i>Neutral</i> | <i>Agree</i> | <i>Strongly agree</i> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> |
| 3. Reward Management practice | | | | | |
| 3:1 <i>Do you feel employees in this organization are appropriately compensated for the work they do?</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3:2 <i>Do you feel employees are satisfied with the pay increments offered by the Company?</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3:3 <i>Do you feel there is policy in the organization for matching pay with performance?</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3:4 <i>Do you feel there is policy for comparing pay of the employees to an employee doing similar type of work in other organizations?</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 3:5 Do you feel the recognition in the company is fair and transparent and reflects your contribution and team efforts?
- 3:6 Do you feel there is recognition for your hard work and successes at work?
- 3:7 Do you feel you are satisfied with the current salary and benefits that the company offers?
- 3:8 Do you feel Bonus and incentive programs are transparent in the company?
- 3:9 Do you feel If you do a good job you will be rewarded for your effort?

Employees own perception on the company Performance Management Practice Using the following key rating (1= „strongly disagree”, 2= „disagree”, 3= „neutral”, 4=„agree”, 5=„strongly agree”), how would you agree with the following statements in relation to Performance Management Practice of the Company?

- | | Strongly
disagree
1 | Disagree
2 | Neutral
3 | Agree
4 | Strongly
agree
5 |
|--|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 4. Performance Management practice | | | | | |
| 4:1 Do you feel the Company carries out Performance appraisal for providing career goals opportunity to its employees? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4:2 Do you feel that the performance appraisal of the employees in the organization are carried out at regular intervals? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4:3 Do you feel that the basic aim of performance appraisal in the company is to improve employee performance and strengthen the job skills? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4:4 Do you feel the company has a fair and objective oriented performance appraisal system? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 4:5 Do you feel the performance goal of the organization is set at realistic levels?
- 4:6 Do you feel timely Feedback are being delivered from your supervisor on time?
- 4:7 Do you feel the current performance appraisal process is transparent and helpful for linking with your reward or benefits?
- 4:8 Do you feel that the Management support for your efforts is to improve your weaknesses?
- 4:9 Do you feel the top performers get top benefits based on the appraisal process?
- 4.10 Do you feel that there is a development plan for low performers?

Employees own perception on engagement is rated using the following key rating (1= „strongly disagree”, 2= „disagree”, 3= „neutral”, 4=„agree”, 5=„strongly agree”), how would you agree with the following statements in relation to engagement in the Company?

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
5.1 I feel full of energy at my work place	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5:2 I am fully involved in my job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5:3 I feel very strong and energetic at my work place	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5:4 I feel like to go to work as soon as I get up in the morning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5:5 My work always motivates me for greater commitment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5:6 I feel proud of the work I do in my organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5:7 My work is very interesting as well as challenging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 5:8 *I don't care of time while I am*
working
- 5:9 *I always feel happy at the workplace*
while working intensely
- 5.10 *My work is full of meaning and*
purpose to me as well as
organization
- 5.11 *I am mentally flexible at my job*
- 5.12 *I am involved with my job*
wholehearted

Thank you for your invaluable time!